

Council accepts comments on agenda items during the meeting. Fill out a form identifying the item you wish to speak on prior to the agenda item beginning and turn it into the City Recorder. (The exception is formal land use hearings, which requires a specific public hearing process.)

**CITY OF NEWBERG
CITY COUNCIL AGENDA
DECEMBER 20, 2010
7:00 P.M. MEETING
PUBLIC SAFETY BUILDING TRAINING ROOM
401 EAST THIRD STREET**

I. CALL MEETING TO ORDER*

II. ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. CITY MANAGER'S REPORT

V. APPOINTMENTS

1. Consider a motion appointing Ernie Amundson, Jr., and Bob Larson to the City of Newberg Budget Committee.
2. Consider a motion appointing Mike Gougler, Chuck Zickefoose, and Demetri Tsohantaridis to the City of Newberg Citizen Rate Review Committee.

VI. PUBLIC COMMENTS

(30 minutes maximum, which may be extended at the Mayor's discretion, with an opportunity to speak for no more than 5 minutes per speaker allowed)

VII. CONSENT CALENDAR

1. Consider a motion approving **Resolution No. 2010-2916** accepting the annual audit report and financial statements for the fiscal year ending June 30, 2010.
2. Consider a motion approving **Resolution No. 2010-2925** accepting the canvass of votes for the November 2, 2010, Biennial General Election.
3. Consider a motion approving City Council Minutes for November 15, 2010.

VIII. PUBLIC HEARINGS

Consider a motion approving **Order No. 2010-0030** amending the Comprehensive Plan map designation from Low Density Residential (LDR) to High Density Residential (HDR) and amend the Zoning designation from R-1 (Low Density Residential) to R-3 (High Density Residential) for a property located at 1103 North Meridian Street.

(Record Closed, Council Deliberation Only)

(Quasi-Judicial Hearing)

*The Mayor reserves the right to change the order of items to be considered by the Council at their meeting. No new items will be heard after 11:00 p.m., unless approved by the Council.

IX. COUNCIL BUSINESS

1. Update on the Solid Waste Franchise.
2. Discussion on the Chehalem Valley Visitor Center Contract.
3. Discussion on the Mission Statement & Vision Statement.

X. ADJOURNMENT

INDEX OF ORDERS, ORDINANCES, AND/OR RESOLUTIONS:

RESOLUTION(S):

Resolution No. 2010-2916 accepting the annual audit report and financial statements for the fiscal year that ended June 30, 2010.

Resolution No. 2010-2925 adopting the Canvass of Votes (Canvass Report) for the November 2, 2010, Biennial General Election as provided by Yamhill County Clerk Rebekah Stern Doll for the following: One measure (annexation) – Measure 36-144 known as “Watt Annexation”

ACCOMMODATION OF PHYSICAL IMPAIRMENTS: In order to accommodate persons with physical impairments, please notify the City Manager's office of any special physical or language accommodations you may need as far in advance of the meeting as possible and no later than 48 hours prior to the meeting. To request these arrangements, please contact Norma Alley, City Recorder, at (503) 537-1283.

Public testimony will be heard on agenda items at the Council meeting. The City Council asks written testimony be submitted to the City Recorder before 5:00 p.m. on the preceding Thursday. Written testimony submitted after that will be brought before the Council on the night of the meeting for consideration and a vote to accept or not accept it into the record.

*The Mayor reserves the right to change the order of items to be considered by the Council at their meeting. No new items will be heard after 11:00 p.m., unless approved by the Council.

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: December 20, 2010

Order ___ Ordinance ___ Resolution ___ Motion XX Information ___
No. No. No.

SUBJECT: Appoint Ernie Amundson, Jr., and Bob Larson to the City of Newberg Budget Committee.

Contact Person (Preparer) for this Motion: **Bob Andrews, Mayor**

Dept.: **Administration**
File No.:

RECOMMENDATION:

To consent to the appointment, by the Mayor, of Ernie Amundson, Jr., and Bob Larson for two positions with terms expiring December 31, 2010, on the Newberg Budget Committee for new terms expiring December 31, 2013.

EXECUTIVE SUMMARY:

The Newberg Budget Committee is a seven member committee that has two positions with terms expiring December 31, 2010. Public notice of this vacancy was posted in City buildings, advertised in the local Newberg Graphic, and posted on the City's website. Four applications were received prior to the final deadline of 5:00 p.m., Friday, October 29, 2010. All applications were considered and the Mayor has selected Ernie Amundson, Jr., and Bob Larson to fill the positions.

For privacy purposes, the original applications are retained in the City Recorder's Office. Please call (503) 537-1283 to request a copy.

FISCAL IMPACT:

None

STRATEGIC ASSESSMENT:

The Budget Committee provides a valuable service to the City of Newberg by providing a service to ensure a balanced budget and makes our City government viable.

**BUDGET COMMITTEE
CITIZEN MEMBERSHIP LIST**

District No.	Member/Address	Phone	Term Appointments
4	Janet Irish		Term: 3 years Appointed: 12/21/09 Re-Appointed: Expires: 12/31/12
6	Deanna Moore		Term: 3 years Appointed: 1/16/2007 Re-Appointed: Expires: 12/31/12
3	Darlyn Adams		Term: 3 years Appointed: 1/22/02 Re-Appointed: 3/21/05, 12/17/07 Expires: 12/31/10
6	Ernie Amundson, Jr.		Term: 3 years Appointed: 3/21/05 Re-Appointed: 12/17/07 Expires: 12/31/10
6	John (Jack) Reardon		Term: 3 years Appointed: 12/5/05 Re-Appointed: 12/15/08 Expires: 12/31/11
2	Lon Wall		Term: 3 years Appointed: 1/21/03 Re-Appointed: 12/5/05, 12/15/08 Expires: 12/31/11
6	Thomas Barnes		Term: 3 years Appointed: 1/16/06 Re-Appointed: 12/21/09 Expires: 12/31/12

PRESS RELEASE

City of Newberg
PO Box 970
Newberg, OR 97132

October 5, 2010

Contact: Norma Alley, City Recorder

For Immediate Release

SUBJECT: City Committee and Commission Openings

The City of Newberg is seeking applications from citizens to serve on a Committee or Commission. This is an opportunity to serve your community and be part of the decision-making team that governs your community. These positions will be open as of December 31st, 2010.

If you would like to participate on any of the below committee or commissions, please stop by the City Recorder's Office at City Hall (414 E. First Street) or call 503-537-1283 and we will be happy to provide you with an application. An application also is available at the City's website Application to Serve on a Committee | City of Newberg Oregon (or look under the Departments/City Council/Committee Applications heading). **Applications are due by 5 p.m. on Friday, October 29, 2010.** The City reserves the right to accept applications after this due date or extend the deadline at the Mayor's discretion.

The Mayor of Newberg appoints members with the consent of the City Council. Applicants will be notified of the date the City Council will consider the appointment and should plan on attending.

Budget Committee

The Budget Committee has two openings for applicants with terms expiring on December 31, 2013. These seats of the non-council members are vacant due to their terms ending. This committee meets between the months of January and June. The City of Newberg's Budget Committee is a forum of City Council members and an equal number of non-council citizen members whose duties are to review, analyze, and discuss the annual budget proposed by the City staff. Among revenues and expenditures is the proposed budget Property Tax distribution. The committee has an important impact on where those dollars go and which services benefit the community the most.

Applicant Requirements:

- Reside within the city limits.
- A registered voter.

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REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: December 20, 2010

Order ___ Ordinance ___ Resolution ___ Motion XX Information ___
No. No. No.

SUBJECT: Appoint Mike Gougler, Chuck Zickefoose, and Demetri Tsohantaridis to the City of Newberg Citizens Rate Review Committee.

Contact Person (Preparer) for this Motion: **Bob Andrews, Mayor**

Dept.: **Administration**
File No.:

RECOMMENDATION:

To consent to the appointment, by the Mayor, of Mike Gougler and Chuck Zickefoose for two positions with terms expiring December 31, 2010, on the Newberg Citizens Rate Review Committee for new terms expiring December 31, 2013, and appoint Demetri Tsohantaridis to fill a vacant position with a term expiring December 31, 2011.

EXECUTIVE SUMMARY:

The Newberg Citizens Rate Review Committee is a seven member committee that has two positions with terms expiring December 31, 2010, and one vacant position with a term expiring December 31, 2011. Public notice of this vacancy was posted in City buildings, advertised in the local Newberg Graphic, and posted on the City's website. Three applications were received prior to the final deadline of 5:00 p.m., Friday, October 29, 2010. All applications were considered and the Mayor has selected Mike Gougler, Chuck Zickefoose, and Demetri Tsohantaridis to fill the positions.

For privacy purposes, the original applications are retained in the City Recorder's Office. Please call (503) 537-1283 to request a copy.

FISCAL IMPACT:

None

STRATEGIC ASSESSMENT:

The Citizens Rate Review Committee provides a valuable service to the City of Newberg.

CITIZENS RATE REVIEW COMMITTEE LIST

District No.	Member/Contact Info	Term Appointments
5	Charles Zickefoose	Term: 3 years Appointed: 11/7/2005 Re-Appointed: 12/17/2007 Expires: 12/31/2010
6	Mike Gougler	Term: 3 years Appointed: 2/6/2006 Re-Appointed: 12/17/2007 Expires: 12/31/2010
6	Ernie Amundson, Jr.	Term: 3 year Appointed: 2/20/2001 Re-Appointed: 2/2003, 11/2005, 1/5/2009 Expires: 12/31/2011
	VACANT	Term: 3 years Appointed: Re-Appointed: Expires: 12/31/2011
5	Beth Keyser	Term: 3 years Appointed: 1/5/2009 Re-Appointed: Expires: 12/31/2011
3	David Maben	Term: 3 years Appointed: 2/20/2001 Re-Appointed: 3/5/2007 Expires: 12/31/2012
4	Tony Rourke	Term: 3 years Appointed: 3/17/2008 Re-Appointed: Expires: 12/31/2012

PRESS RELEASE

City of Newberg
PO Box 970
Newberg, OR 97132

October 5, 2010

Contact: Norma Alley, City Recorder

For Immediate Release

SUBJECT: City Committee and Commission Openings

The City of Newberg is seeking applications from Citizens to serve on a Committee or Commission. This is an opportunity to serve your community and be part of the decision-making team that governs your community. These positions will be open as of December 31st, 2010.

If you would like to participate on any of the below committee or commissions, please stop by the City Recorder's Office at City Hall (414 E. First Street) or call 503-537-1283 and we will be happy to provide you with an application. An application also is available at the City's website Application to Serve on a Committee | City of Newberg Oregon (or look under the Departments/City Council/Committee Applications heading). **Applications are due by 5 p.m. on Friday, October 29, 2010.** The City reserves the right to accept applications after this due date or extend the deadline at the Mayor's discretion.

The Mayor of Newberg appoints members with the consent of the City Council. Applicants will be notified of the date the City Council will consider the appointment and should plan on attending.

Citizens Rate Review Committee

The Citizens Rate Review Committee has three openings. Two openings have terms expiring on December 31, 2013, and one opening is to fill a vacant position with a term expiring December 31, 2012. This Committee meets bi-annually to discuss the utility rates and again as needed with special projects. The City of Newberg utilizes a forum called the Citizens Rate Review Committee (CRRC) of eight appointed citizens to review, analyze, and discuss rates necessary to operate the City's utility funds efficiently. The CRRC makes their recommendations to the City Council. This is an important role for the finances of the City.

On January 7, 2008, the City Council amended the City code, 32.72, Membership, to allow one position to be filled by either a resident of Newberg or a utility customer of the City. The impact of this change is if the Council appointed an individual who is a customer, that individual would vote on matters pertaining to water rates.

Applicant Requirements:

- Reside within city limits.
- Be a utility customer of the City of Newberg (allowance for one position to live outside the City limits, but must be a utility customer of the City of Newberg).

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REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: December 20, 2010

Order ____ Ordinance ____ Resolution XX Motion ____ Information ____
No. No. No. 2010-2916

SUBJECT: To accept the annual audit report and financial statements for the fiscal year that ended June 30, 2010.

Contact Person (Preparer) for this
Resolution: **Janelle Nordyke, Finance Director**

Dept.: **Finance**
File No.:

RECOMMENDATION:

Adopt **Resolution No. 2010-2916** accepting the annual auditor's report and financial statements for the fiscal year that ended June 30, 2010.

EXECUTIVE SUMMARY:

Following the close of each fiscal year, auditors come to the City to review our financial records. The current auditors are Boldt, Carlisle and Smith, LLC of Salem, Oregon, who specialize in performing governmental audits and are competent in performing their audits. The audit team was at the City the week of September 7, 2010 conducting field work. This process includes: obtaining an understanding of the City's internal controls by asking pertinent questions, reviewing City Council minutes, critically examining and testing samples of various transactions, and intently inquiring of management and other employees about fraud risks. Fraud risks include untimely bank reconciliations, not having separation of duties, lack of internal controls to prevent collusion and material errors. The City of Newberg has timely bank reconciliations, has enough employees to have separation of duties, and has good internal controls to prevent collusion and material errors.

On November 22, 2010, the City of Newberg was issued an unqualified opinion on the financial statements for the year ending June 30, 2010 (Attachment 1 for the Independent Auditor's Report). An unqualified or "clean" opinion means that the financial statements are fairly presented in the auditors' opinion, are free of material misstatements, have been prepared in accordance with generally accepted accounting principles, and consistently applied. A material misstatement is an accidental or intentional untrue financial statement information that could influence the decisions of users. The City received the highest positive opinion an auditor can give.

The City of Newberg's Comprehensive Annual Financial Report for the year ending June 30, 2010 can be found on the City's website at www.newbergoregon.gov/finance/comprehensive-annual-financial-report and select CAFR 2010. For an analysis of the financial results, please read the Transmittal Letter (Attachment 2) and Management Discussion and Analysis Report (Attachment 3).

The following information briefly recaps the major sections of the City's financial statements: The Government-Wide Statements of the City are presented on pages 1-4 of the report. These statements show the result of operations for all services of the City on a full accrual basis of accounting. These statements focus on the long-term health of the City. This report includes long-term liabilities, long-term receivables, depreciation, and the capitalization of asset purchases. The functions of the City are split into two categories: Governmental Activities (everything except the utilities and Emergency Medical Services) and Business-Type Activities (Water, Wastewater, Storm Water, and Emergency Medical Services).

The Governmental Fund Statements are presented on pages 5-12. These statements have a short-term focus, therefore, only current revenues and current expenses are reported. This accounting method is called the modified accrual approach. These reports do not include the operations of the utilities (water, wastewater, storm water) and emergency medical services which are required to be reported on the full accrual basis of accounting and are categorized under Proprietary Funds.

The Proprietary Fund Statements are presented on pages 13-16. These reports show the financial results of the utility operations and emergency medical services prepared under the full accrual basis of accounting. The utilities and emergency medical services are considered business-type activities due to the collection of user charges to fully recuperate costs. The Internal Services Funds (Administrative Services and the Equipment Replacement Reserve Fund) are also included in this category as they fully recuperate costs.

The Fiduciary Funds are presented on pages 17-20. These reports are intended to disclose the employee retirement funds that the City manages in a fiduciary capacity and the City's court bail deposits. The amounts reported in these funds do not belong to the City, but are held in trust for other parties.

The Notes to the Financial Statements are presented on pages 21-48. The Notes describe the summary of significant accounting policies of the City; stewardship, compliance and accountability of the City; detailed notes on all funds, including debt; and other information such as retirement plans and property tax limitations.

The Combining Statements and Budget to Actual Reports are presented on pages 49-106. Also included in this section are reconciling statements on pages 92-93 and 101. The purpose of the Budget to Actual reports is to demonstrate how the City complied with budgetary restrictions over the course of the fiscal year. The purpose of combining and reconciling reports is to document how the individual fund statements were consolidated and adjusted to prepare the information for the summary reports shown on pages 1-20.

Pages 107-142 have additional information about the City's operations, including pertinent statistical facts.

A full copy of the Comprehensive Annual Financial Report can be found on the City's website at <http://www.newbergoregon.gov/finance/comprehensive-annual-financial-report> or by contacting the Finance Department at (503) 537-1216.

FISCAL IMPACT:

none

STRATEGIC ASSESSMENT:

The City of Newberg's financial statements for the year ending June 30, 2010, have been prepared in conformity with Generally Accepted Accounting Principles and Oregon Local Budget Law. These statements will be filed with all regulatory agencies that monitor City financial activities.



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
CITY OF NEWBERG
Newberg, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **CITY OF NEWBERG**, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF NEWBERG**, as of June 30, 2010, the respective changes in financial position, and, where applicable, cash flows, thereof, and the respective budgetary comparisons for the General, Street, and Building Inspection Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *a* through *p* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A

**Honorable Mayor and Members of the City Council
CITY OF NEWBERG Newberg, Oregon**

INDEPENDENT AUDITOR'S REPORT (Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **CITY OF NEWBERG**'s financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Boldt, Carlisle & Smith LLC
Certified Public Accountants Salem, Oregon
November 22, 2010

By:



Douglas C. Parham, Member

B



December 3, 2010

To the Honorable Mayor, City Councilors, and Citizens of the City of Newberg, Oregon

The Comprehensive Annual Financial Report (CAFR) of the City of Newberg, Oregon (the City) for the fiscal year ended June 30, 2010 is hereby submitted.

This report presents the financial position of the City as of June 30, 2010 and the results of its operations and cash flows for its proprietary fund types for the year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards as prescribed by the Secretary of the State of Oregon. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to comply with reporting requirements.

Management assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A is located immediately following the report of the independent auditors, beginning on page a.

The City of Newberg's financial statements have been audited by Boldt, Carlisle & Smith LLC, a firm of licensed certified public accountants. They have issued an unqualified opinion on the City of Newberg's financial statements for the fiscal year ended June 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

Governmental Structure

The City of Newberg was incorporated in 1889. The City is located 23 miles southwest of Portland, Oregon's largest city, and lies on the main east-west route between Portland and the central Oregon coast. It is the second largest city in Yamhill County. Yamhill County is part of the Portland-Vancouver metropolitan statistical area. The City currently has a land area of 5.83 square miles and a 2010 population of 23,150. The City has the authority to extend its corporate limits by annexation. During 2009-10 the city grew by 20 acres (0.03 square miles) as there was one annexation (1409 South Sandoz Road).

The City operates under a Council-Manager form of government. Policy making and legislative authority are vested in the Mayor and City Council which is composed of six members. Each council member represents a City district and is elected at large. Mayor and Council members are non-partisan and serve four-year terms. Terms are staggered with the Mayor and three Council positions next elected in November 2010. The City Manager is appointed by the Council and is responsible for carrying out the policies of the Council, overseeing the day-to-day operations and appointing department heads. Other positions appointed by the City Council are the City Attorney and Municipal Judge.

The City provides a full range of services. These services include police and fire protection; 911 emergency telephone center for the cities of Newberg and Dundee and Newberg and Dundee rural fire protection districts; emergency medical services; municipal court; library services; land use planning; building inspection; economic development; engineering; the construction and maintenance of roadways, streets, and related infrastructure; and the water, wastewater treatment and storm water systems. The City has no component unit governmental entities. Yamhill County, the Newberg School District and Chehalem Park and Recreation District are separate overlapping local governments under State law and are not included in this report.

Economic Condition and Outlook

It should be noted that as of 1997-98 the State no longer imposes property taxes based on real market value.

Instead, the voters approved a measure that bases taxation on a value that rolled back assessed values and capped the annual growth at 3% with greater increases allowed for major remodeling and new construction.

During 2008-09 to 2009-10, the City's assessed value increased 7.25% and the market value decreased 2.70%¹. The difference in market value and assessed value is \$814.6 million.

Table 1
City of Newberg Assessed and Market Values²

		2006-07	2007-08	2008-09	2009-10
Assessed Value		1,110,866,040	1,193,170,105	1,271,921,638	1,364,210,006
Percent Change		12.38%	7.41%	6.60%	7.25%
Market Value		1,905,225,704	2,268,313,601	2,239,316,374	2,178,831,882
Percent Change		31.45%	19.06%	-2.90%	-2.70%

¹ Assessed values and market values are set at 12:01 a.m. of each January 1st for taxes levied for the following fiscal year. Under Ballot Measure 50, Assessed values may increase up to 3% per year plus new construction, while market values more closely reflect the housing/commercial market. Market value is used to compute taxes under Ballot Measure 5 which caps taxes at \$10.00 per \$1,000 of market value for general government purposes, and \$5.00 per \$1,000 of market value for education. The cap does not affect general obligation debt levies.

² Yamhill County Assessor's Office.

During the fiscal year 2009-10, construction continued to decline, with the majority of commercial construction permits going for remodeling.

Residential activity was about the same as the prior year, with 190 dwelling permits. 138 permits were issued in year 2008-09, and 137 were issued in year 2007-08. Residential construction mostly consisted of remodeling.

The City benefits from its proximity to the Portland Metropolitan Area. The diversified economy of the Tri-county area (Multnomah, Washington, and Clackamas counties) and Yamhill County help the City to maintain a relatively stable economic condition. Agriculture dominates economic activities outside the urban area, particularly nurseries, vineyards and wineries. The City also benefits from a family-owned dental manufacturer inside the City and a large paper manufacturer just outside the City. Major employers also include George Fox University and Providence Newberg Medical Center. The completion of the Allison Inn added a few hundred employees, offsetting the closure of Suntron. However, even with these employers, as of June 2010, the county's unemployment rate continued to be high at 10.5%,³ which is only slightly more than state's average of 10.2%, and only a little higher than the national average of 9.5%. In 2009, the national unemployment rate was at 9.5%, but in Yamhill County it was 13.2%.

Major Activities and Accomplishments

For the Year. In August of 2009, the City implemented a public safety fee on the utility bill. This will fund three new police officers over the next few years.

The City had a number of citizens' groups working on various issues during the year, in addition to the normal, routine citizens groups such as the Planning Commission, Traffic Safety Committee, Library Board and Budget Committee. Committee activities ranged from continually raising money for a new animal shelter to planning for Newberg's future.

The beginning construction of a new pump station on Hwy 240 at the edge of town is intended to take the pressure off Dayton Avenue Pump Station and to service the northwest side of Newberg.

Current progress on the Bypass plan continues to be at a stand-still. Getting through traffic around the cities of Newberg and Dundee will be a major effort for years to come.

The Citizen's Rate Review Committee reconvened in the fall of 2009 to recommend rates for the City Council to adopt user fees for water, wastewater and storm water utilities for the next two years.

For the Future. With the adoption of the utility rates effective July 1, 2010, the City Council asked staff to develop a proposal to help low income utility customers with their utility bill. The City Council adopted the Utility Bill Assistance program that will give low income utility customers several ways for assistance, through financial aid as well as conservation education.

The City continues to focus on City operations, particularly the street system, providing sufficient quality water to the community, improving wastewater treatment processes, and improving the downtown. As areas of Newberg expand and grow over the next several years, the demand for potable water and wastewater

3 State of Oregon, Employment Division, Portland Metro Labor Trends, August 2010.

treatment increases. These services need to be available before the growth is in place. Increasing capacity to serve new customers and expansion of the current wastewater facility will require an estimated investment of \$55 million. Clean Water State Revolving Loan Fund, through the Department of Environmental Quality, will provide funding for construction during the first phase.

Portland Community College (PCC) has come to town. Ground was broken for construction and classes have started, temporarily held in the new Chehalem Cultural Center.

The City has received several grants. A FEMA grant was received for remodeling the Fire Station 20 on Second Street. The City received a state grant to build a bike/pedestrian path along the northern section of College, starting at the railroad tracks.

The street system is particularly in need of an influx of new revenue. A transportation fee was studied several years ago and may need to be resurrected to take care of street and sidewalk maintenance needs. While the City is committed to working out solutions with its citizens, initiative measures in the State and community have challenged the City in managing and financing needed improvements.

Relevant Financial Policies

Fund Reserves. The General Fund shall maintain a four-month cash reserve including contingency and unappropriated fund balance. All other operating funds reliant on user fees or monthly intergovernmental revenues shall maintain 60 days cash.

Non-recurring Revenues. The City's general guideline is to use non-recurring revenue for non-recurring expenditures.

Cash Management. In order to maximize interest income in conformance with the City's investment policy, cash in all City funds, with the exception of restricted funds, is pooled and invested in instruments as allowed by Oregon Revised Statutes. Earnings are distributed to each fund on a pro rata basis by the balance in each fund.

Risk Management. City of Newberg's risk management program includes various risk control techniques, including employee accident prevention training, and has third party coverage for all lines of insurance, which includes workers' compensation.

Awards and Acknowledgements

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newberg for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the 18th consecutive year that the City has received this award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for only one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. I especially want to thank Elaina Canutt, CPA, for preparing this report.

Finally, the Finance Department staff would like to thank the Mayor, City Councilors and the City Manager for their support and commitment to maintaining the highest standards of professionalism in the management of the City of Newberg's finances.

Sincerely,

Janelle Nordyke
Finance Director

The management of the City of Newberg, Oregon (City) presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2010. This Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. Additional information outside the scope of this analysis can be found in the Letter of Transmittal.

FINANCIAL HIGHLIGHTS

- Total assets of the City exceeded its liabilities by \$139 million. Of this amount, \$14.8 million were reported as unrestricted net assets, amounts which are available for use to meet the City's on-going obligations to citizens and creditors.
- The net assets of the City decreased by \$2.7 million during the fiscal year. Declining revenues from construction related activities and operating losses in the utility divisions contributed to this decrease.
- Long-term obligations rose due to a \$1.93 million debt issuance to expand the wastewater treatment plant.
- Property taxes increased \$0.4 million or 6% during the fiscal year. Franchise and public service taxes increased approximately \$0.3 million, or 6.9% over the prior year.
- Revenues generated from community development and planning fees plummeted by 60% due to economic pressures.
- Total cost of all programs was \$27.7 million, up 5% over last year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's annual financial report consists of several sections. The components of the report include the following:

- **Management's Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors affecting the City.
- **Basic Financial Statements.** These statements include the government-wide statements, fund financials, and the notes to the financial statements.
 - **Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. Within this view, all City operations are categorized and reported as either governmental

or business-type activities and are presented using the full accrual basis of accounting. Governmental activities include basic services such as public safety, library, community development and general government administration. Business-type activities are water, wastewater, storm water and emergency medical services. The government-wide statements include the Statement of Net Assets and the Statement of Activities.

- **Statement of Net Assets.** The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
 - **Statement of Activities.** The focus of the Statement of Activities is to present the major program costs and match major resources with each program. To the extent a program's cost is not recovered by grants and direct charges, it is paid from general taxes and other general resources. This Statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- **Fund Financial Statements.** Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current available resources, as well as on balances of current resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements.

Due to the fact that the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may further understand the long-term impact of the government's near-term financial decisions.

- **Governmental Funds.** The City maintains 15 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report three major funds: General Fund, Street Fund, and Building Inspection Fund. Data from the other 12

governmental funds are combined into a single, aggregated presentation. For each major fund, a Budgetary Comparison Statement is presented. Readers who wish to obtain information on nonmajor funds can find it in the Combining Schedules of Nonmajor Funds and/or the Supplemental Information-Budgetary Comparison Schedules sections of this report.

- **Proprietary funds** are used to account for activities where the emphasis is placed on net income determination. The City maintains two different types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, storm water, and emergency medical services operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City uses internal service funds to account for facilities and fleet services, information systems, finance, legal, administration, human resources, vehicle/equipment replacement, and risk management activities. The assets and liabilities of the internal service funds have been allocated among the governmental and business-type activities.

The enterprise funds, all of which are considered to be major funds (on a consolidated basis) of the City, are reported separately as proprietary fund financial statements in the basic financial statements. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided as other supplementary information in the form of combining statements.

- **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Newberg’s own programs. The accounting used for fiduciary funds is similar to the treatment used for proprietary funds. The City has two fiduciary funds: Employee Pension Trust Fund and the Bail Fund.

- **Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

- **Other Supplementary Data.** The supplementary data section includes combining statements for the non-major governmental funds, combining statements by fund

type, and budgetary comparison statements. The combining internal service fund statements are also included in this section.

- **Other Information.** This section includes capital asset and other financial schedules.
- **Statistical Section.** This section includes trend information and demographics.
- **Reports of Independently Certified Public Accountants Required by Statutes.** Supplemental communication on City compliance and internal controls as required by Oregon statutes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

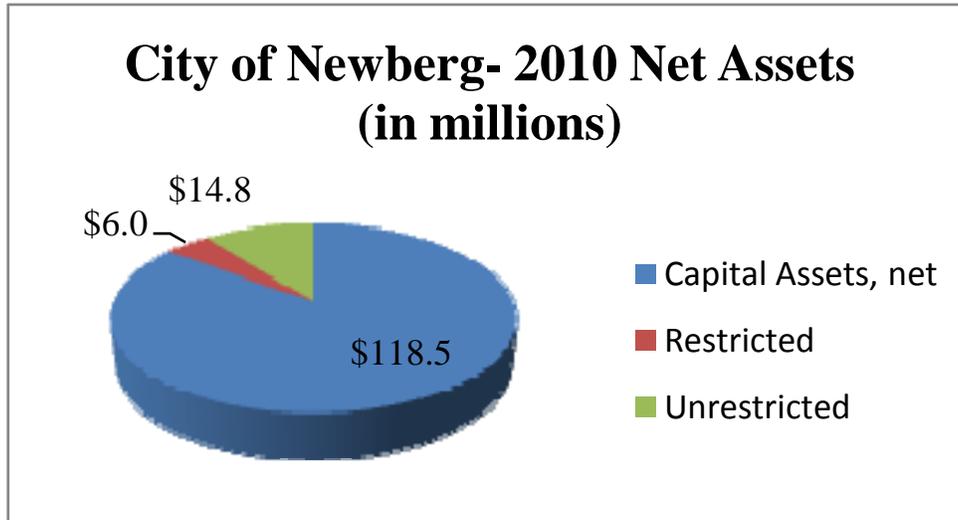
The following table reflects the condensed Statement of Net Assets compared to prior year.

TABLE 1
NET ASSETS AT YEAR END
(in millions)

	Governmental Activities		Business-type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
Cash and investments	\$ 10.5	\$ 11.5	\$ 12.6	\$ 13.3	\$ 23.1	\$ 24.8
Other assets	3.0	3.0	1.4	1.4	4.4	4.4
Capital assets	76.1	77.3	70.8	70.1	146.9	147.4
Total assets	<u>89.6</u>	<u>91.8</u>	<u>84.8</u>	<u>84.8</u>	<u>174.4</u>	<u>176.6</u>
Long-term obligations	7.8	8.2	24.4	23.7	32.2	31.9
Other liabilities	1.6	1.6	1.3	1.1	2.9	2.7
Total liabilities	<u>9.4</u>	<u>9.8</u>	<u>25.7</u>	<u>24.8</u>	<u>35.1</u>	<u>34.6</u>
Net assets:						
Invested in capital assets, net of related debt	71.8	72.5	46.7	46.6	118.5	119.1
Restricted	2.3	2.4	3.7	4.4	6.0	6.8
Unrestricted	6.1	7.1	8.7	9.0	14.8	16.1
Total net assets	<u>\$ 80.2</u>	<u>\$ 82.0</u>	<u>\$ 59.1</u>	<u>\$ 60.0</u>	<u>\$ 139.3</u>	<u>\$ 142.0</u>

As indicated in the following chart , \$118.5 million , or 85% of the City’s net assets as of June 30, 2010 reflect the government’s investment in capital assets (land, building, equipment, infrastructure, net of depreciation) less any related outstanding debt used to acquire those capital assets. The City uses these capital assets to provide services to citizens and consequently, they are not available for future spending. Restricted net assets total \$6.0 million, or 4.3% and represent cash and investments that are legally restricted for capital

expansion or debt service. The remaining balance of unrestricted net assets totaling \$14.8 million, or 10.7%, may be used to meet the City's ongoing obligations.



Governmental Activities

The City's net assets from governmental activities decreased \$1.8 million, from \$82 million to \$80.2 million. This decrease is the change in net assets reflected in the Statement of Activities, shown in Table 2, and explained below:

- Cash and investments decreased \$1.0 million during 2009-10 due to increasing program costs for public safety. A lack of building inspection revenue and state gas tax also contributed to a decrease in cash. In addition, \$0.3 million in cash flows were used to fund street capital projects.
- Capital assets decreased by \$1.2 million, primarily as a result of depreciation expense (\$2 million) coupled with no contributed infrastructure revenue from local developers. Governmental activities had \$0.8 million in capital asset additions.
- Long-term obligations decreased \$0.4 million due to regular debt service payment activity.

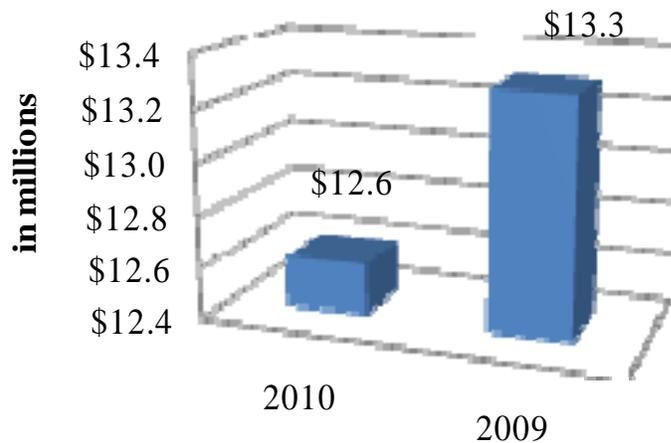
Business-type Activities

The City's net assets from business-type activities decreased 1.5%, from \$60 million to \$59.1 million. This decrease is the change in net assets reflected in the Statement of Activities, shown in Table 2, and explained in the following:

- Cash and investments decreased \$0.7 million, or 5.3% as a result of debt service payments and outflows for additional utility system capital asset improvements.

- Capital assets increased \$0.7 million (net of depreciation), primarily as a result of:
 - \$0.7 million to complete the Sawdust Dryer at the Wastewater Plant
 - \$0.5 million for improvements at the City's Springs.
- Long-term obligations increased by \$0.7 million, or 3% due to the use of \$1.9 million in financing with US Bank to purchase land to expand the Wastewater Treatment Plant.
- Other liabilities increased \$0.2 million, or 27.3% due to an increase of \$0.2 million for interest payable on debt obligations. The liability for other post employment benefits also rose.

Cash & Investments Business-Type Activities



STATEMENT OF ACTIVITIES

The following table reflects the condensed Statement of Activities and Changes in Net Assets compared to prior year.

TABLE 2
GOVERNMENTAL AND PROPRIETARY ACTIVITIES
FOR FISCAL YEARS ENDING JUNE 30, 2009 and 2010
(in millions)

	Governmental Activities		Business-type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
Revenues						
Charges for services	\$ 3.1	\$ 3.3	\$ 10.5	\$ 9.8	13.6	13.1
Operating grants and contributions	1.0	1.0	-	-	1.0	1.0
Capital grants and contributions	0.1	1.6	1.0	1.7	1.1	3.3
Taxes	9.1	8.8	-	-	9.1	8.8
Interest	-	-	0.1	0.3	0.1	0.3
Other	0.1	-	-	-	0.1	-
Total revenues	<u>13.4</u>	<u>14.7</u>	<u>11.6</u>	<u>11.8</u>	<u>25.0</u>	<u>26.5</u>
Expenses						
General government	0.3	0.3	-	-	0.3	0.3
Public safety	9.1	8.7	-	-	9.1	8.7
Library	1.2	1.2	-	-	1.2	1.2
Community development	4.1	4.5	-	-	4.1	4.5
Interest on long-term debt	0.4	0.5	-	-	0.4	0.5
Water	-	-	4.7	4.7	4.7	4.7
Sewer	-	-	5.7	4.4	5.7	4.4
Storm	-	-	0.9	0.9	0.9	0.9
Emergency medical services	-	-	1.3	1.2	1.3	1.2
Total expenses	<u>15.1</u>	<u>15.2</u>	<u>12.6</u>	<u>11.2</u>	<u>27.7</u>	<u>26.4</u>
Increase in net assets before transfers	<u>(1.7)</u>	<u>(0.5)</u>	<u>(1.0)</u>	<u>0.6</u>	<u>(2.7)</u>	<u>0.1</u>
Transfers	<u>(0.1)</u>	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	<u>(1.8)</u>	<u>(0.5)</u>	<u>(0.9)</u>	<u>0.6</u>	<u>(2.7)</u>	<u>0.1</u>
Beginning net assets	82.0	82.5	60.0	59.4	142.0	141.9
Ending net assets	<u>\$ 80.2</u>	<u>\$ 82.0</u>	<u>\$ 59.1</u>	<u>\$ 60.0</u>	<u>\$ 139.3</u>	<u>\$ 142.0</u>

Governmental Activities

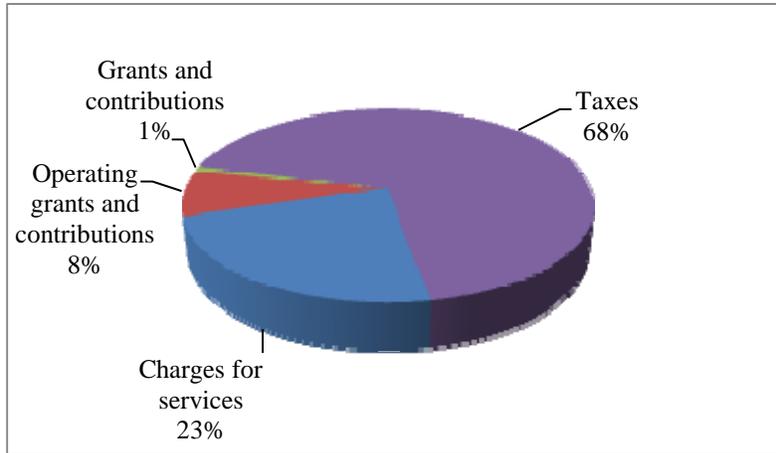
Governmental activities resulted in a \$1.8 million decrease to the City's net assets. This decrease is attributable to lower revenues in nearly every category, along with rising program costs. The economic slowdown adversely affected revenues driven by construction activities.

- Charges for services – These are revenues that arise from charges to customers, applicants, or others who purchase, use or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. This category also includes municipal court revenues from issuance of traffic citations. Revenues generated from community development and planning fees plummeted by

60% as new housing and commercial endeavors came to a halt due to negative economic pressures. Revenues generated by building inspection services were less than half of the prior year amounts.

- Grants and contributions – These are revenues arising from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
- Operating grants/contributions revenues primarily consist of state gas tax disbursed to the City to use for road maintenance. During 2009-10, gas taxes increased by nearly \$100,000 to \$954,470. Other small state and private contributions are also included in the total. These funds go to support specific activities within the City.
- Capital grants/contributions revenues primarily consist of grants and developer infrastructure contributions (e.g. fair market value of subdivision’s infrastructure such as streets, roads, and right-of-way/easements). Overall grant/contributions decreased \$1.5 million from \$1.6 million to \$0.1 million due to lack of developer infrastructure contributions.
- Taxes – These are revenues that consist primarily of property taxes, hotel/motel taxes, and franchise fees based on gross revenues. Property taxes increased \$0.4 million or 6% over the prior fiscal year. Franchise fees increased approximately \$0.3 million in large part to lodging taxes collected from the newly constructed Allison Inn.
- Interest – This is revenue derived from the City’s investment of temporarily idle assets. Due to poor investment market earnings, revenues from this source were minor.
- Other - This is miscellaneous revenue not related to services provided.

Governmental Activities-Revenues by Source



- Programs – These are direct expenses that are specifically associated with a service, program, or department and are clearly identifiable to a particular function. The following table reflects the changes in program expenses:

Table 3
Governmental Activities - Program Expenses
for the fiscal year ended June 30, 2010
(in millions)

Programs	FY 2009-10		Compared to FY 2008-09	
	Amount	Percent of Total	Increase/(Decrease) Amount	Percent
General government	\$ 0.3	2.0%	\$ -	0.0%
Public safety	9.1	60.3%	0.4	4.6%
Library	1.2	7.9%	-	0.0%
Community development	4.1	27.2%	(0.4)	-8.9%
Interest on long-term debt	0.4	2.6%	(0.1)	-20.0%
Total expenses	\$ 15.1	100.0%	\$ (0.1)	

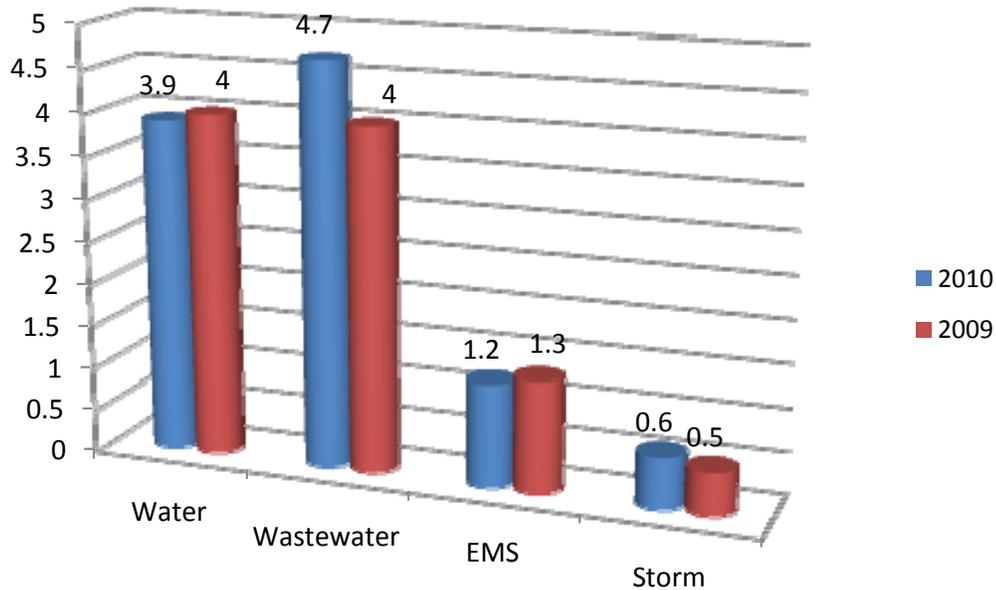
- General government consists of costs relating to operations of the City Council. No significant changes occurred during 2009-10.
- Public safety consists of the police, fire, court, and 911 operations. The increase in program expense is primarily due to increases in personnel costs. The City instituted a Public Safety fee to fund three new police positions.
- Library costs were consistent with the prior fiscal year.

- Community development consists of planning, economic development, building inspection, and road maintenance programs. The planning and building divisions made comprehensive program cuts in recognition of declining construction related revenues. To a lesser extent, the Street Fund also made spending cuts to bring costs more in line with revenues. The result of all these efforts was a \$0.4 million decrease in community development expense for 2009-10.

Business-type Activities

Overall revenues decreased by \$0.2 million over the prior fiscal year due to lack of capital infrastructure contributions from local building projects. Operating rate increases in all business-type divisions (except EMS) positively impacted revenues. System development fees decreased by \$0.1 million and interest revenues decreased \$0.2 million.

Business-Type Activities – Operating Revenues by Service



The following table reflects the changes in program expenses for the business-type activities:

Table 4
Business-Type Activities - Program Expenses
for the fiscal year ended June 30, 2010
(in millions)

Programs	FY 2009-10		Compared to FY 2008-09	
	Amount	Percent of Total	Increase/(Decrease) Amount	Percent
Water	4.7	37.3%	-	0.0%
Wastewater	5.7	45.2%	1.3	29.5%
Storm	0.9	7.1%	-	0.0%
Emergency medical services	1.3	10.3%	0.1	8.3%
Total expenses	<u>\$ 12.6</u>	<u>100.0%</u>	<u>\$ 1.4</u>	

The \$1.3 million increase in the wastewater service division was attributable to higher expenses for nearly every expense category. The division experienced a rise in depreciation expense of \$0.2 million, while material and services costs increased \$0.6 million. Interest expense jumped \$0.3 million as the commitment for the Effluent Reuse debt hit its first year of repayment. Personal services increased \$0.1 million.

FUND-BASED FINANCIAL ANALYSIS

As previously discussed, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the City’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$8.4 million, a decrease of \$0.9 million. Approximately 72% of this total amount constitutes unreserved fund balance, which is available for spending at the government’s discretion, subject to reporting fund-type limitations. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service, invested in inventory, or has been reserved for other purposes.

The General Fund is the chief operating fund of the City. The fund balance of the City’s General Fund decreased by \$0.4 million, or 13%, during the current fiscal year. Key components to the change for the year ended June 30, 2010 are as follows:

- Property taxes increased \$0.3 million, or 6.1%. Assessed values are limited to 3% growth, thus the remaining 3.1% is related to new construction and collections on delinquent taxes. New construction has nearly come to a halt within the City limits. The increase represents the completion of a few subdivisions that were already in progress.
- Other taxes, which consist of franchise fees, public service taxes, and motel taxes, increased \$0.3 million more than the prior fiscal year. This increase is attributable primarily to receipt of lodging taxes from the Allison Inn.
- Licenses and permits experienced a 61.5% decrease or \$0.3 million. Due to the recent downturn in the economy, new construction permitting activity has slowed down.
- Expenditures in the General Fund grew by \$0.2 million or 2% over the prior fiscal year. Public safety functions continued to be the largest contributor to cost increases at \$0.3 million. Personnel costs in these divisions continue to rise. Planning, Library and Municipal Court all experienced cost decreases while General Government had a small increase.

The Street Fund ending balance decreased by \$131,558 due to a continuation of expenditures exceeding incoming revenues. Incoming revenues are not able to support the current level of activity within the fund. Gasoline tax revenues received from the State increased by \$99,243. The City was able to cut back on costs by approximately \$99,000.

The Building Inspection Fund continued to struggle during 2009-10. Building inspection revenues were \$0.2 million lower than the prior fiscal year. The City started performing inspection services for some of the surrounding cities on a contract basis to bring in more revenues. Spending cuts were also made to the department in an effort to scale back costs. However, the change in net fund balance was still a loss of \$250,725 for fiscal year 2009-10.

Other governmental fund balances decreased by \$168,487 due primarily to expenditures related to street capital projects.

Proprietary Funds

Net assets of the water utility decreased by \$0.3 million (1.4%) during 2009-10. Charges for services decreased by nearly 2.4% during the fiscal year due to low consumption rates city-wide. Although there was a 6.5% rate increase, it was not enough to offset the decrease in water usage. Material and services costs decreased by \$0.3 million while personal services and depreciation increased by a combined amount of \$0.2 million. System development charge revenues were down \$0.1 million as well as interest revenues by the same amount. There were no capital contributions for the fiscal year and interest costs increased by nearly \$80,000.

The net assets of the wastewater utility decreased by \$0.3 million (1.3%) during fiscal year 2009-10. Charges for services increased 19% due to a significant rate increase implemented July 1, 2009. Operating expenses increased by 22.1% over the prior year. The operating result of the division was negative for 2009-10 (\$462,491), reflecting a multi-year trend of insufficient operating revenues. Implemented rate increases have not been effective in making the wastewater utility break even. System development revenues were consistent with the prior year.

The net assets of the storm water utility decreased by \$0.3 million (3.4%) during fiscal year 2009-10. Operating costs continued to outpace operating revenues resulting in an operating loss of (\$377,663). Storm water charges for services increased 7.6% consistent with the rate change implemented July 1, 2009. Operating costs increased 9.8%.

Net assets of the emergency medical services division experienced almost no change. Operating revenues decreased 8% while operating expenses grew 1%. The division received a capital asset contribution of \$178,441 (new ambulance) which was purchased by the governmental funds and then transferred.

BUDGETARY HIGHLIGHTS

The budgetary statement for the General Fund, page 10, shows the original budget, final budget, actual revenues, expenditures and transfers in and out for the fiscal year ended June 30, 2010. The City recognized \$658,182 in additional beginning fund balance through the supplemental budget process. This extra resource was allocated to Contingency. Later in the year, the City also transferred \$155,000 from Contingency to the Library department budget to purchase property for future expansion. \$25,000 was added to the planning department budget to expend unanticipated grants. Other minor changes totaling \$20,639 were transferred out of Contingency to cover costs.

The police departments expended \$205,041 less than anticipated in the budget process, while the fire department expended \$182,114 less. The library department's actual results varied from the budget by \$248,670 due to the deferral of purchasing new property until 2010-11.

CAPITAL ASSETS AND DEBT ADMINISTRATION

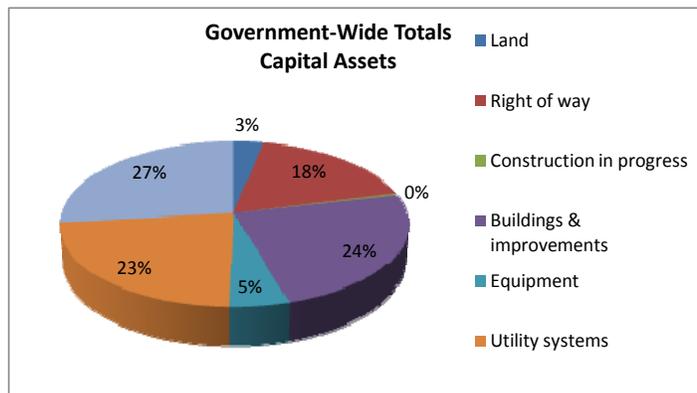
Capital Assets. As of June 30, 2010, the City had invested \$146.9 million in capital assets as reflected in the following table, which represents a net decrease (additions, deductions and depreciation) of \$0.5 million.

TABLE 5
CAPITAL ASSETS AT YEAR END
(NET OF DEPRECIATION)
(in millions)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 1.0	\$ 1.0	\$ 3.6	\$ 1.6	\$ 4.6	\$ 2.6
Right of way	26.2	26.2	-	-	26.2	26.2
Construction in progress	0.2	0.1	0.3	0.9	0.5	1.0
Buildings & improvements	7.3	7.5	28.1	29.5	35.4	37.0
Equipment	2.1	2.1	5.1	4.4	7.2	6.5
Utility systems	-	-	33.7	33.7	33.7	33.7
Infrastructure	39.3	40.4	-	-	39.3	40.4
Total	\$ 76.1	\$ 77.3	\$ 70.8	\$ 70.1	\$ 146.9	\$ 147.4

Major capital asset events during the current fiscal year included the following:

- Purchase of four new vehicles for various departments
- Purchase of land for future wastewater treatment plant expansion for \$1,941,743
- Connected Newberg 911 Dispatch with Washington County Communications Radio system \$270,493
- Made improvements to the Wastewater Treatment Plant Sawdust Dryer \$995,912



Additional information on the City's capital assets can be found in the Notes to the Basic Financial Statements on page 35 of this report.

Debt. As of June 30, 2010, the City had a total long-term debt obligation of \$31.0 million. Of this amount, \$6.8 million represented outstanding bonded indebtedness. Outstanding bonded debt included \$2.2 million to be serviced by property taxes, \$4.6 million to be serviced by the City Hall fee and internal charges to departments. All of these debts are backed by the full faith and credit of the City.

TABLE 6
OUTSTANDING DEBT AT YEAR END
(in millions)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General obligation	\$ 2.2	\$ 2.5	\$ -	\$ -	\$ 2.2	\$ 2.5
Certificates of participation	1.9	2.1	-	-	1.9	2.1
Limited tax bonds	2.7	2.7	-	-	2.7	2.7
Notes payable	-	-	24.2	23.5	24.2	23.5
Total	<u>\$ 6.8</u>	<u>\$ 7.3</u>	<u>\$ 24.2</u>	<u>\$ 23.5</u>	<u>\$ 31.0</u>	<u>\$ 30.8</u>

On May 3, 2010, Moody's Investors Service changed the ratings on some of the City's bonds in conjunction with the migration of US public finance ratings to the Moody's global rating scale. The City's previous rating from March 1998 of A3 was recalibrated to A1.

The City received proceeds of \$1.93 million from US Bank to purchase land for wastewater treatment plant expansion.

Additional information on the City's long-term obligations can be found in the Notes to the Basic Financial Statements on page 37 of this report.

ECONOMIC FACTORS

Providing stable funding for City services during the current economic recession poses a challenge for the next few years. The 2010-11 budget year is expected to be the last for quite some time where there will be any growth in property taxes due to new construction. In addition, other revenues related to new construction such as building inspections, system development fees, plan inspections, and other fees are all expected to diminish. The City recognizes that costs of providing services at the current level will increase at a faster rate than the revenue used to fund those services. The City's Budget Committee will be meeting early in the 2010-11 budget year to discuss this issue and what solutions might be available.

Funding rising employee retirement costs will also be an issue. For 2011-12, the City's Public Employees Retirement System retirement rate is set to rise by an alarming amount. The City's employer contribution rates will increase between 68%-74% effective July 1, 2011.

Due to economic hardships, property tax remittances may be less than in previous years, utility billing collections may be more difficult, and the City's ability to raise rates to cover rising costs may be limited. Revenues that come directly from the State of Oregon are becoming scarce as well.

CITY OF NEWBERG, OREGON
Management's Discussion and Analysis
For the Year Ended June 30, 2010

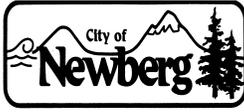
The City's utility infrastructure is in need of updates and expansion. The wastewater treatment plant in particular is nearing maximum capacity. However, raising utility rates in the midst of an economic recession is a tough sell to the citizenry.

More detail about the impacts of the economy on the City is found in the Letter of Transmittal.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Director
City of Newberg
PO Box 970
Newberg, OR 97132



RESOLUTION No. 2010-2916

A RESOLUTION ACCEPTING THE ANNUAL AUDIT REPORT AND FINANCIAL STATEMENTS FOR THE FISCAL YEAR THAT ENDED JUNE 30, 2010

RECITALS:

1. The week of September 7, 2010, the auditing firm of Boldt, Carlisle and Smith, LLC conducted field work to review the financial records of fiscal year ending June 30, 2010.
2. On November 22, 2010, Boldt, Carlisle & Smith, LLC issued an unqualified opinion on the City's financial report for the year ending June 30, 2010.
3. The annual audit was completed for fiscal year ending June 30, 2010 and submitted to Council.
4. The City of Newberg's financial statements for the year ending June 30, 2010 have been prepared in conformity with Generally Accepted Accounting Principles and Oregon Local Budget Law.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

The Council accepts the annual audit report and financial statements for the fiscal year that ended June 30, 2010.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: December 21, 2010.

ADOPTED by the City Council of the City of Newberg, Oregon, this 20th day of December, 2010.

Norma I. Alley, City Recorder

ATTEST by the Mayor this 23rd day of December, 2010.

Bob Andrews, Mayor

LEGISLATIVE HISTORY

By and through _____ Committee at ____ / ____ /200x meeting. Or, None.
(committee name) (date) (check if applicable)

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: December 20, 2010

Order ___ Ordinance ___ Resolution XX Motion ___ Information ___
No. No. No. 2010-2925

SUBJECT: Canvass of Votes for the November 2, 2010, Biennial General Election.

Contact Person (Preparer) for this
Resolution: Dawn Wilson

Dept.: Legal
File No.: 30020-02306

RECOMMENDATION:

Adopt **Resolution No. 2010-2925** authorizing the acceptance of the canvass of votes for the November 2, 2010, Biennial General Election.

EXECUTIVE SUMMARY:

At the November 2, 2010, Biennial General Election, the City had placed on the ballot before the voters of the City the following item:

MUNICIPAL OFFICES

- Council Position - District 4
- Council Position - District 5
- Council Position – District 6
- Mayor Position – at Large

PERSON

Bart Rierson*
Stephen McKinney*
Ryan Howard*
Hank Grum
Bob Andrews*

* Won the election

MEASURE

Annexation:

- 308 Highway 99W – two parcels – (Measure No. 36-144) **PASSED**

On November 29, 2010, the City received from Rebekah Stern Doll, County Clerk of Yamhill County, a Certificate certifying the true, actual, and final results (Canvass Report) of the November 2, 2010, Biennial General Election.

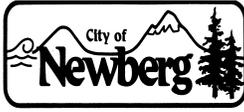
In accordance with the City Code and State law, the City should accept the results as presented by the County Clerk.

FISCAL IMPACT:

The annexation will add new property to the City's tax rolls.

STRATEGIC ASSESSMENT:

There were no election violations. All deadlines and requirements were met in a timely manner by the City's elections officer (Dawn Wilson). The annexation passed and property was zoned as Community Commercial. The property met the land use criteria for annexation.



RESOLUTION No. 2010-2925

A RESOLUTION ADOPTING THE CANVASS OF VOTES (CANVASS REPORT) FOR THE NOVEMBER 2, 2010, BIENNIAL GENERAL ELECTION AS PROVIDED BY YAMHILL COUNTY CLERK REBEKAH STERN DOLL FOR THE FOLLOWING: ONE MEASURE (ANNEXATION) – MEASURE 36-144 KNOWN AS “WATT ANNEXATION”

RECITALS:

1. At the November 2, 2010, Biennial General Election, the City had placed on the ballot before the voters of the City the following item.

MUNICIPAL OFFICES

- Council Position - District 4
- Council Position - District 5
- Council Position – District 6
- Mayor Position – at Large

PERSON

Bart Rierson
Stephen McKinney
Ryan Howard
Hank Grum
Bob Andrews

MEASURE

Annexation:

- 308 Highway 99W – two parcels – (Measure No. 36-144)

2. On November 29, 2010, the City received from Rebekah Stern Doll, County Clerk of Yamhill County, a Certificate certifying the true, actual, and final results (Canvass Report) of the November 2, 2010, Biennial General Election.
3. In accordance with the City Code and State law, the City should accept the results as presented by the county clerk.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. The City accepts the Canvass Report of the Yamhill County Clerk Certifying the true, actual, and final results (canvass of votes) for the November 2, 2010, Biennial General Election. A copy of the Certificate of Posting and Canvass Report showing the final results are attached as Exhibit “A” is hereby adopted and by this reference incorporated.
2. Based upon these results, the City declares the following persons elected to City Council Offices and the following measure to have passed.

MUNICIPAL OFFICES

- Council Position - District 4
- Council Position - District 5
- Council Position – District 6
- Mayor Position – at Large

* *Won the election*

PERSON

- Bart Rierson*
- Stephen McKinney*
- Ryan Howard*
- Hank Grum
- Bob Andrews*

MEASURE

Annexation:

- 308 Highway 99W – two parcels – (Measure No. 36-144) **PASSED**

3. The unofficial Yamhill County election results were obtained from the Internet and posted on November 2, 2010. A Certificate of Posting is hereby attached as Exhibit “B” is hereby adopted and by this reference incorporated.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: December 21, 2010.

ADOPTED by the City Council of the City of Newberg, Oregon, this 20th day of December, 2010.

Norma I. Alley, City Recorder

ATTEST by the Mayor this 23rd day of December, 2010.

Bob Andrews, Mayor

LEGISLATIVE HISTORY

Annexation:

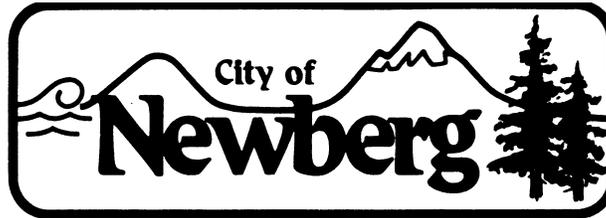
308 Highway 99W – two parcels – (Measure No. 36-144)

By and through the Planning Commission at 06/10/10 meeting.

By and through the City Council at 08/02/10 meeting.

City Attorney
(503) 537-1206

City Manager
(503) 537-1207



414 East First Street
PO Box 970
Newberg, OR 97132
503-537-1206

PROCLAMATION
by
Mayor Bob Andrews

CITY OF NEWBERG ELECTION RESULTS
Biennial General Election: November 2, 2010

WHEREAS, a Biennial General Election for the State of Oregon was held November 2, 2010, in which four City Council member positions and one measure (annexation) were presented to the voters.

WHEREAS, on November 29, 2010, the City received from Rebekah Stern Doll, County Clerk of Yamhill County, a Cumulative Report certifying the true, actual, and final results (canvass of votes) in the November 2, 2010, Biennial General Election; a copy of which is attached to this Proclamation;

NOW, THEREFORE, I, BOB ANDREWS, Mayor of the City of Newberg, do hereby proclaim the results of the November 2, 2010, Biennial General Election, as Certified to the City by Rebekah Stern Doll, County Clerk of Yamhill County. A certified true copy of the results (canvass of votes) for the November 2, 2010, Biennial General Election is attached as Exhibit "A."

DATED this 20th day of December, 2010.

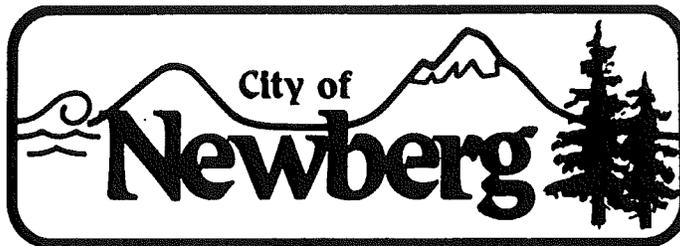
Bob Andrews, Mayor

● CITY ATTORNEY'S OFFICE: <mailto:nlegal@newbergoregon.gov> - Fax: 503-537-5013 ●
Admin: 537-1261 ● Building: 537-1240 ● Public Works: 537-1273 ● Finance: 538-9421 ● Fire: 537-1230
Library: 538-7323 ● Municipal Court: 537-1203 ● Police: 538-8321 ● Maintenance: 537-1234 ● Utilities: 537-1205
Municipal Court Fax: 538-5393 ● Public Works Fax: 537-1277 ● Library Fax: 538-9720

"Working Together For A Better Community-Serious About Service"

City Attorney
(503) 537-1206

City Manager
(503) 537-1207



414 East First Street
PO Box 970
Newberg, OR 97132
503-537-1206

CERTIFICATE OF POSTING

OFFICIAL Election Results (Canvass Report) For the November 2, 2010, Biennial General Election

SEE ATTACHED FOR RESULTS
on
Newberg Items

I, Dawn Wilson, Senior Paralegal & Elections Officer, City of Newberg City Attorney's Office, hereby acknowledge that I posted the Official Election Results on the held on November 2, 2010, at the following locations on December 2, 2010:

Newberg City Hall, 414 East First Street, Newberg, Oregon
Newberg Public Safety Building, 401 East Third, Newberg, Oregon
Newberg Fire Department, 414 East Second Street, Newberg, Oregon
Newberg Public Library, 503 East Hancock Street, Newberg, Oregon

DATED this 2nd day of December, 2010.

A handwritten signature in cursive script, appearing to read "Dawn Wilson", is written over a horizontal line.

Dawn Wilson, Senior Paralegal & Elections Officer

□ CITY ATTORNEY'S OFFICE: nlegal@newbergoregon.gov - Fax: 503-537-5013 □
Admin: 537-1261 □ Building: 537-1240 □ Public Works: 537-1273 □ Finance: 538-9421 □ Fire: 537-1230
Library: 538-7323 □ Municipal Court: 537-1203 □ Police: 538-8321 □ Maintenance: 537-1234 □ Utilities: 537-1205
Municipal Court Fax: 538-5393 □ Public Works Fax: 537-1277 □ Library Fax: 538-9720

"Working Together For A Better Community-Serious About Service"

Newberg Mayor, 4-Year Term

Precinct	Early Ballots Cast	Election Ballots Cast	Total Ballots Cast	Registered Voters	Percent Turnout	Hank Grum	Bob Andrews	Write-in Votes	Totals
PRE0002	0	2678	2678	3641	73.55%	789	1534	10	2333
PRE0003	0	3042	3042	4142	73.44%	1051	1557	13	2621
PRE0004	0	1619	1619	2417	66.98%	549	862	7	1418
Totals	0	7339	7339	10200		2389	3953	30	6372

RECEIVED
 NOV 29 2010
 By *Dawn*



I CERTIFY THAT THE VOTES RECORDED ON THIS ABSTRACT CORRECTLY SUMMARIZE THE TALLY OF VOTES CAST AT THE PRECINCT INDICATED.
Rick ...
 SIGNATURE OF COUNTY CLERK
 11/22/2010
 DATE OF ABSTRACT

**Canvass Report — Total Voters — Official
Yamhill County — Official General Election Ballot — November 02, 2010**

11/22/2010 10:09 AM
Precincts Reporting 19 of 19 = 100.00%

Page 43 of 74

Total Number of Voters : 36,991 of 49,408 = 74.87%

Newberg Councilperson District #4, 4-Year Term

Precinct	Early Ballots Cast	Election Ballots Cast	Total Ballots Cast	Registered Voters	Percent Turnout	Bart Rierson	Write-in Votes	Totals
PRE0002	0	2678	2678	3641	73.55%	1640	28	1668
PRE0003	0	3042	3042	4142	73.44%	1740	45	1785
PRE0004	0	1619	1619	2417	66.98%	981	22	1003
Totals	0	7339	7339	10200		4361	95	4456

RECEIVED
NOV 29 2010
By *Deen*

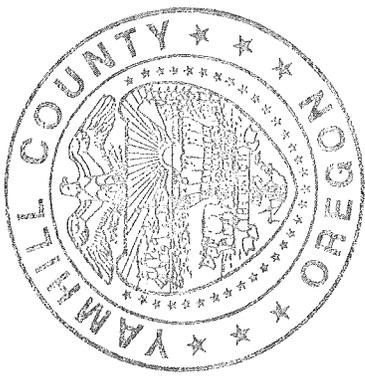


I CERTIFY THAT THE VOTES RECORDED ON THIS ABSTRACT CORRECTLY SUMMARIZE THE TALLY OF VOTES CAST AT THE ELECTION INDICATED.
Richard H. Hild
SIGNATURE OF COUNTY CLERK
11/22/2010
DATE OF ABSTRACT

Newberg Councilperson District #5, 4-Year Term

Precinct	Early Ballots Cast	Election Ballots Cast	Total Ballots Cast	Registered Voters	Percent Turnout	Stephen McKinney	Write-in Votes	Totals
PRE0002	0	2678	2678	3641	73.55%	1641	27	1668
PRE0003	0	3042	3042	4142	73.44%	1704	36	1740
PRE0004	0	1619	1619	2417	66.98%	968	23	991
Totals	0	7339	7339	10200		4313	86	4399

RECEIVED
 NOV 29 2010
 By *[Signature]*



I CERTIFY THAT THE VOTES RECORDED ON THIS ABSTRACT CORRECTLY SUBVANGRE THE TALLY REPORTED AS AT THE ELECTORAL DISTRICTS.
[Signature]
 SIGNATURE OF COUNTY CLERK
 11/22/2010
 DATE OF ABSTRACT

**Canvass Report — Total Voters — Official
Yamhill County — Official General Election Ballot — November 02, 2010**

11/22/2010 10:09 AM
Precincts Reporting 19 of 19 = 100.00%

Page 45 of 74

Total Number of Voters : 36,991 of 49,408 = 74.87%

Newberg Councilperson District #6, 4-Year Term

Precinct	Early Ballots Cast	Election Ballots Cast	Total Ballots Cast	Registered Voters	Percent Turnout	Ryan Howard	Write-in Votes	Totals
PRE0002	0	2678	2678	3641	73.55%	1603	22	1625
PRE0003	0	3042	3042	4142	73.44%	1686	35	1721
PRE0004	0	1619	1619	2417	66.98%	951	18	969
Totals	0	7339	7339	10200		4240	75	4315

RECEIVED
NOV 29 2010
By *[Signature]*



I CERTIFY THAT THE VOTES RECORDED ON THIS ABSTRACT CORRECTLY SUMMARIZE THE TALLY OF VOTES CAST AT THE ELECTION INDICATED.

[Signature]
SIGNATURE OF COUNTY CLERK:

11/22/2010
DATE OF ABSTRACT

Measure 36-144 Proposal: Annex two parcels at 308 Highway 99W into Newberg.

Precinct	Early Ballots Cast	Election Ballots Cast	Total Ballots Cast	Registered Voters	Percent Turnout	Yes	No	Totals
PRE0002	0	2678	2678	3641	73.55%	2091	396	2487
PRE0003	0	3042	3042	4142	73.44%	2292	540	2832
PRE0004	0	1619	1619	2417	66.98%	1217	301	1518
Totals	0	7339	7339	10200		5600	1237	6837

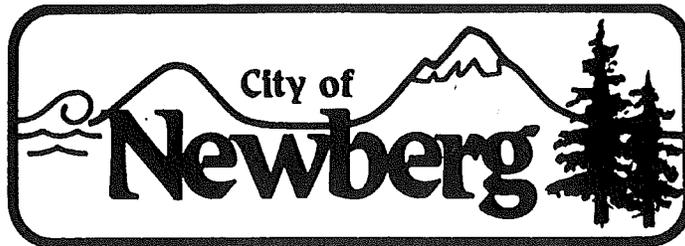


RECEIVED
 NOV 29 2010
 By *[Signature]*

I CERTIFY THAT THE VOTES RECORDED ON THIS
 ABSTRACT CORRECTLY SUMMARIZE THE TALLY
 OF VOTES CAST AT THE ELECTION INDICATED.
[Signature]
 SIGNATURE OF COUNTY CLERK:
 11/22/2010
 DATE OF ABSTRACT

City Attorney
(503) 537-1206

City Manager
(503) 537-1207



414 East First Street
PO Box 970
Newberg, OR 97132
503-537-1206

CERTIFICATE OF POSTING

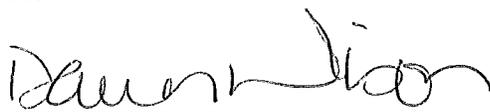
UNOFFICIAL YAMHILL COUNTY ELECTION RESULTS AS OF November 3, 2010

CITY OF NEWBERG ELECTION RESULTS Biennial General Election: November 2, 2010

I, Dawn Wilson, Senior Paralegal & Elections Officer, City of Newberg Legal Department, hereby acknowledge that I posted the Unofficial Election Results on the held on November 2, 2010, at the following locations on November 5, 2010:

- Newberg City Hall**, 414 East First Street, Newberg, Oregon
- Newberg Public Safety Building**, 401 East Third, Newberg, Oregon
- Newberg Fire Department**, 414 East Second Street, Newberg, Oregon
- Newberg Public Library**, 503 East Hancock Street, Newberg, Oregon

DATED this 5th day of November, 2010.


Dawn Wilson, Senior Paralegal & Elections Officer

O:\Legal\Recorder\Election\2010\Nov 2 2010 - Measure\Cert of Posting-Unofficial Results.doc

CITY ATTORNEY'S OFFICE: nlegal@ci.newberg.or.us - Fax: 503-537-5013
Admin: 537-1261 Building: 537-1240 Public Works: 537-1273 Finance: 538-9421 Fire: 537-1230
Library: 538-7323 Municipal Court: 537-1203 Police: 538-8321 Maintenance: 537-1234 Utilities: 537-1205
Municipal Court Fax: 538-5393 Public Works Fax: 537-1277 Library Fax: 538-9720

"Working Together For A Better Community-Serious About Service"

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REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: December 20, 2010

Order ___ Ordinance ___ Resolution ___ Motion XX Information ___
No. No. No.

SUBJECT: Approve the November 15, 2010, City Council Meeting minutes.

Contact Person (Preparer) for this Motion: **Norma Alley, City Recorder**

Dept.: **Administration**

File No.:
(if applicable)

RECOMMENDATION:

Approve the November 15, 2010, City Council minutes for preservation and permanent retention in the City's official records.

EXECUTIVE SUMMARY:

On November 15, 2010, the City of Newberg City Council held a public meeting and minutes were recorded in text.

FISCAL IMPACT:

None.

STRATEGIC ASSESSMENT:

None.

**CITY OF NEWBERG CITY COUNCIL MINUTES
NOVEMBER 15, 2010
7:00 P.M. MEETING
PUBLIC SAFETY BUILDING TRAINING ROOM
401 EAST THIRD STREET**

Work Session was held prior to the meeting. A presentation was given by the sixth grade class of Mountainview Middle School and general discussion occurred. No decisions were made.

I. CALL MEETING TO ORDER

Mayor Bob Andrews called the meeting to order at 7:04 PM.

II. ROLL CALL

Members

Present:	Mayor Bob Andrews	Denise Bacon	Ryan Howard
	Stephen McKinney	Bart Rierson	Marc Shelton
	Wade Witherspoon		

Staff

Present:	Daniel Danicic, City Manager	Terrence Mahr, City Attorney
	Barton Brierley, Planning and Building Director	Norma Alley, City Recorder
	David Beam, Economic Development Coordinator	Jennifer Nelson, Recording Secretary

Others

Present: Mike Ragsdale, Sid Friedman, Rob Felton, and John Bridges

III. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

IV. CITY MANAGER'S REPORT

Mr. Daniel Danicic, City Manager, announced the Christmas tree lighting at the library to be held on December 3, 2010. He also reminded Council to RSVP for the City County Dinner in McMinnville which is scheduled for the same evening. He said numbers were down for the annual Turkey Carnival last week and spoke of the upcoming introduction and book signing of the book on the history of Newberg to be held on December 4, 2010, at the public library.

V. PUBLIC COMMENTS

Mr. Mike Ragsdale, Newberg Downtown Coalition (NDC), presented a status update on the Project For Public Spaces. A draft of the final product was received by Council and input from the community was included. Councilors asked for details on some of the items in the draft, but specifics have not been discussed yet.

VI. CONSENT CALENDAR

1. Consider a motion approving **City Council Minutes** for October 18, 2010.

MOTION: Shelton/Rierson approving the Consent Calendar including the City Council Minutes for October 18, 2010, as amended. (7 Yes/0 No) Motion carried.
--

VII. NEW BUSINESS

1. Update on the Land Use Board of Appeals Cases.

TIME – 7:16 PM

Mr. Barton Brierley, Planning and Building Director, and Mr. Terrence Mahr, City Attorney, presented the staff report reviewing main issues and reasons from the Land Use Board of Appeals (LUBA) remand, as well as options and next steps in the process. The oral arguments will be held on November 23, 2010, decisions should be given within twenty-one days, but they may ask for extensions.

Mr. Sid Friedman, 1000 Friends of Oregon, stated his group characterizes the LUBA findings differently than the city and argued there are yet to be any substantive changes made as a result of the remands. He feels the city just keeps trying to explain things differently hoping for a different outcome, rather than making the changes needed to the current plan. He spoke of the city complaining in the local newspapers and suggested they take a look in the mirror with concerns about the process. He spoke of the approval of the Urban Reserve Area (URA) expansion to include some 2,100 acres of land based on studies and assumptions by the city and some by the county that have not been acknowledged by the Land Conservation and Development Commission (LCDC) and LUBA. The dwelling unit calculation is an essential element to move forward and he agrees with the petitioners that it does not seem logical how the city got there; he felt adopting a new population forecast was not enough.

Mr. Brierley stated additional things have happened such as the city adopting an updated economic opportunities analysis, buildable lands inventory, and housing needs analysis, which were all recognized by the state, so significant effort has been made and acknowledged.

Mr. Mahr added the complaining in the newspaper was not from Newberg as it was a number of other cities such as Woodburn, McMinnville, and Bend. The concerns are with cities getting caught in urban reserve amendments, which are taking up to fourteen years to get through the process and predicting they would see the next century before they get out. It is rare that anything but remands are given asking for more information, not substantive changes. A lot of work went into the plan by citizens and staff and decisions were made as a community; the citizens of Newberg seem to be in favor of what is being done and they are the ones participating in the studies.

Councilor Marc Shelton added that Sherwood was also included in the article as well and spoke of the concept in government that sometimes assume the people they are governing are ignorant, but the citizens in this city have a different standing than non-citizens. The citizens of Newberg are smart and they have participated in all steps; the process is hindering the city from working for our locality, not for any other group or special interest.

2. Discussion on rules for public spaces.

TIME – 7:41 PM

Mr. David Beam, Economic Development Coordinator, presented the staff report using a PowerPoint presentation as a visual aide. Staff did not have any recommendations at this time and were looking for direction from Council; approval in a more official format in the code will be seen at a later date (see official meeting record for full report).

Discussions followed on the need to pursue an ordinance, if the original rules for Francis Square were adopted by ordinance, and what pertains to the Chehalem Park and Recreation District (CPRD) since their boundaries extend beyond the city limits.

Mayor Andrews was concerned for creating an ordinance that speaks to the consumption of alcohol without defining what an intoxicant is and spoke of resolutions being the interpretation of the ordinance.

Councilor Witherspoon said he was fine with moving forward on this, but he was not comfortable making decisions without more input. Staff invited representatives from the Newberg Downtown Coalition (NDC) and the Newberg Downtown Revitalization Committee (NDRC) to answer questions.

Mr. Rob Felton, NDC/NDRC, said he supported changing the rules for Francis Square because he wants people to use the space like a café or outdoor seating area, but in the short term it would help participants in the First Friday ARTwalk and other events because the current rules are very restrictive.

Mr. John Bridges, NDRC, said the rules were made but never finalized and many activities that have a positive use of Francis Square are prohibited by the rules. He named some examples of things that have been done in the past and things they would like to have done that all violate the rules.

Discussions followed about the rules for vending alcohol on CPRD property and Oregon Liquor Control Commission (OLCC) permits and insurance being required.

Councilor Howard said he liked the idea of using public spaces to their fullest ability and that it is important to have rules in place to allow those spaces to be used by everyone. He also mentioned banning smoking in parks.

Mayor Andrews again added that intoxicants needs to be clarified further because there are citizens who want public spaces smoke free and citizens that want them alcohol free as well and the rules need to be sensitive to both sides.

Discussions followed about how these issues are handled at the library, clarifying “commission” as the OLCC to not be confused with the Planning Commission or some other body, the effects of rules concerning vending affecting the Farmers’ Market, and the need to come up with an ordinance for the rules, as well as a guideline for implementing the rules.

Mayor Andrews recessed at 8:39 PM and reconvened after the Executive Session.

IX. EXECUTIVE SESSION

Executive Session pursuant to ORS 192.660(2)(e) relating to a real property transaction.

TIME – 8:43 PM

The Executive Session was held out of agenda order. Executive Session was held to discuss real property transaction. No decisions were made. Executive Session ended at 9:15 PM.

VIII. COUNCIL BUSINESS

Discussion of the evaluation process for the municipal judge.

TIME – 9:15 PM

Mr. Mahr discussed the upcoming process for evaluating the municipal judge according to the resolution in place and the differences from the previous process.

Councilor Bart Rierson initiated a discussion on the fatality on Hwy 219 and the City’s need to flex its political muscle with the Oregon Department of Transportation (ODOT) to push for action.

MOTION: Witherspoon/Shelton to ask the City Manager to draft a letter to ODOT expressing the City is not satisfied with the current level of prioritizing of two projects affecting Hwy 219 and they would like to initiate a discussion with ODOT to consider re-prioritizing them.

Councilor Shelton, in addition to the letter, he would like to see the school district included as well since walkers have to cross two highways to go to schools. He would like to see a crosswalk installation set into motion.

Councilor McKinney wished for the County Commissioners to be involved in the discussions as well as other elected representatives.

Councilor Rierson requested that staff prepare talking points including the history of life flight and other statistics to the areas of concern to speak with authority and not just anecdotally.

VOTE: To draft the letter to ODOT. (6 Yes/1 No [Andrews]) Motion carried.

Mayor Andrews said he will be on the phone tomorrow with ODOT's area manger regarding this particular issue and he is concerned with pushing too hard. He felt the situation takes finesse and was concerned with putting ODOT on the defensive.

X. ADJOURNMENT

The meeting adjourned at 9:53 PM.

ADOPTED by the Newberg City Council this 20th day of December, 2010.

Norma I. Alley, City Recorder

ATTEST by the Mayor this 23rd day of December, 2010.

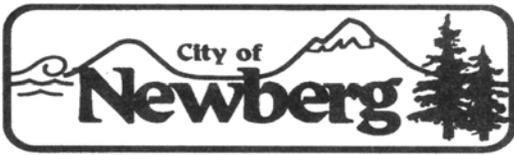
Bob Andrews, Mayor

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**Attached is a memo from staff
and additional information
received from the public at the
December 6, 2010,
City Council Meeting**

**The letters and items from the public
were submitted into the record on
12/6/2010. A hard copy is being sent to
you to ensure you have a complete
packet for deliberations.**

**VIII
Order No. 2010-0030
Meridian St. Zone Change
Add**



MEMORANDUM

Date: December 8, 2010

To: Mayor Andrews, Newberg City Council

From: Barton Brierley, AICP
Planning and Building Director

RE: Comprehensive Plan Map/Zone Change Application at 1103 N. Meridian
CPA 10-01/ZMA 10-01
Response to Public Comment at December 6, 2010 Council Meeting

Staff would like to present the following information in response to public testimony received at the December 6, 2010 City Council meeting.

1. **Letter purported to be from the Spaulding Oaks Homeowners Association.**

In your packet, you have received an unsigned letter dated December 3, 2010 purported to be from the “Spaulding Oaks Homeowners Association.” This letter was not submitted by nor endorsed by that association.

2. **Compliance with the Comprehensive Plan.**

One issue raised in public comment was that a zone change must be in compliance with comprehensive plan. Public comment referenced *Baker v. City of Milwaukie*, 271 Or 500, 533 P2d 772 (1975). The comment is correct that a zone change must be in compliance with comprehensive plan. That is why the applicant has requested both a comprehensive plan map and a zone change. If the Council approves both, the zoning would comply with the comprehensive plan.

3. **Conflicting Uses and Goal 5 Historic Resource Review.**

One comment addressed the conflicting uses listed in the historic resources inventory. The inventory states that such uses should be mitigated through the design review process.

Statewide Planning Goal 5 requires local governments to inventory historic resources. OAR 660-023-0040 requires that, after the local government has inventoried these resources, it must identify conflicting uses, and then analyze the consequences of allowing, limiting, or prohibiting the conflicting uses. The plan identifies conflicting uses, including churches, planned unit developments, golf courses, public and semi-public buildings, schools, alterations and demolitions. It also states that “the greatest threats to the single family residences are the development of new subdivisions.” Importantly, page 54 Historic Resources Element states,

“Based on the analysis, it is concluded that only in cases where the merits of the conflicting use outweigh the merits of the historic resource should conflicting uses be allowed outright (see Appendix G for the sites where economic benefits have been determined to outweigh historic value). In all other cases, **the conflicting uses should be mitigated through a design review**

process. This process will be implemented through the Historic Landmarks Ordinance.”
[emphasis added]

Note that this resource is not listed in Appendix G, therefore conflicting uses should be mitigated through the design review process and implemented through the Historic Landmarks Ordinance.

The proposed R-3 zoning would add the list of uses allowed in the R-3 zone to the list of conflicting uses, including duplex and multi-family dwellings, public parking areas and public parking garages. The conflicts with these additional uses are substantially the same as for the R-1 permitted uses, and also should be mitigated through the design review process and the Historic Landmarks Ordinance. Note that new single-family residential subdivisions are not permitted outright in the R-3 zone, thus the zone change would greatly reduce what is considered the greatest threat to this resource.

The Council should note that in the recent past, another historic home, the Luke McKern house, was developed as a residential subdivision. In that case the home was removed from the historic inventory, the home and outbuildings removed from the site, and all the mature trees removed. The applicant in this case has committed to retaining the home and many of the trees should the rezoning to R-3 be approved. Development of the property as rezoned is thus much more likely to preserve the trees and the historic home that development under the current R-1 zone.

4. **Affordable Housing Ad Hoc Committee Recommendations.**

The affordable housing ad hoc committee recommended that the City, “Examine the Newberg Comprehensive Plan Map and Zoning Map for potential properties to be designated/zoned/re-zoned as MDR/R-2 Medium Density Residential or HDR/R-3 High Density Residential that can accommodate the development of more affordable housing.” The Committee identified a number of properties that could be considered for a change to medium or high density residential. The committee produced a map of properties that it believed should be considered. The committee did look at the subject property, but decided that any request for rezoning of this property should be initiated by the property owner. The Committee did recommend that, “Other properties may be discovered to be appropriate for rezoning through this process.” Thus, rezoning this property does not conflict with the Ad Hoc Committee’s recommendations, and exploring the rezoning is definitely consistent with the committee recommendation.

5. **Aspirational plan policies.**

Testimony from Robert Soppe identified a number of comprehensive plan policies. While all of the policies identified serve to guide the decision makers, none of the plan policies identified are approval criteria.

Supplemental Findings CPA 10-01/ZMA 10-01

Comprehensive Plan Policies:

Urban Design Goal J.1: *To maintain and improve the natural beauty and visual character of the City.*

Urban Design Policy J.1.e. *Developments should respect the natural ground cover of their sites to the extent possible and plans should be made to preserve existing mature, non-hazardous trees in healthy condition.*

Goal E. AIR, WATER, AND LAND RESOURCE QUALITY *Development shall not exceed the carrying capacity of the air, water or land resource base.*

Finding: All of the above policies are aspirational and are not criteria. These policies and others are implemented through the design review process that will be applicable to any development of the property.

Historic Resources

Statewide Planning Goal 5 requires local governments to inventory historic resources. OAR 660-023-0040 requires that, after the local government has inventoried these resources, it must identify conflicting uses, and then analyze the consequences of allowing, limiting, or prohibiting the conflicting uses.

Finding: The plan identifies conflicting uses, including churches, planned unit developments, golf courses, public and semi-public buildings, schools, alterations and demolitions. It also states that “the greatest threats to the single family residences are the development of new subdivisions.” Importantly, page 54 Historic Resources Element states,

“Based on the analysis, it is concluded that only in cases where the merits of the conflicting use outweigh the merits of the historic resource should conflicting uses be allowed outright (see Appendix G for the sites where economic benefits have been determined to outweigh historic value). In all other cases, **the conflicting uses should be mitigated through a design review process.** This process will be implemented through the Historic Landmarks Ordinance.”
[emphasis added]

The home at 1103 N. Meridian is not listed in Appendix G, therefore conflicting uses should be mitigated through the design review process and implemented through the Historic Landmarks Ordinance.

The proposed R-3 zoning would add the list of uses allowed in the R-3 zone to the list of conflicting uses, including duplex and multi-family dwellings, public parking areas and public parking garages. The conflicts and ESEE consequences with these additional uses are substantially the same as for the R-1 permitted uses, and also should be mitigated through the design review process and the Historic Landmarks Ordinance. Note that new single-family residential subdivisions are not permitted outright in the R-3 zone, thus the zone change would greatly reduce what is considered the greatest threat to this resource.

<http://www.newberggraphic.com/news/2010/December/03/Local.News/historic.property.rezoning.will.come.before.council/news.aspx>

Historic property rezoning will come before council

Newberg government — Council, which meets Monday, will have the final say on the issue

- By: [Amanda Newman](#)
- Published: 12/4/2010 12:00:00 PM
-

The controversial rezoning of a Meridian Street property currently home to a historic house, where Housing Authority of Yamhill County (HAYC) hopes to construct high-density public housing, will come before the Newberg City Council Monday in a public hearing.

The council has the final say on the rezoning, which met with the Newberg Planning Commission's approval last month following a public hearing at that level.

If the council also gives the R-3 (high-density residential) rezoning a nod, it will clear the path for HAYC to begin in earnest plans to construct high-density public housing on the property. Organization officials have said they plan to build about 70 units on the property and maintain the historic house as office space or a community center.

The issue has been a source of controversy since before HAYC applied for the land use change. When word of the organization's purchase of and plans for the 1103 N. Meridian St. property began circulating in the summer, neighbors and other opponents spoke out against changes they say would negatively impact the historic property and the neighborhood as a whole, pointing specifically to site drainage and traffic concerns.

Their objections have continued and the planning commission hearing packed the room and spanned two meetings to accommodate the many people wishing to give public testimony on both sides of the issue.

"This is actually a dream site for affordable housing," site architect Jim Walker of Idea Architecture and Development told the planning commission. "The large site offers the flexibility so we can be creative and do the right thing on the site."

But one citizen, Howard Harman, countered that night that low-income housing should be scattered throughout the city instead of concentrated in one spot, so the residents can integrate.

The approximately 3.3-acre property includes the historic house, a shed, a garage and numerous old-growth trees, of which HAYC officials have said they plan to retain as many as possible.

The property was added to the Newberg Historic Resource Inventory in 1985. It sits in a neighborhood of mixed densities, with another historic house to the north and single-family housing to the west and south. It has R-3 developments — a senior condominium development (Spaulding Oaks) directly across and an apartment complex down the street — to the east.

City staff found that the rezoning application meets applicable development code criteria and comprehensive plan goals and policies: the comprehensive plan shows a need for additional high-density residential land; there is adequate infrastructure (sewer, water, stormwater and transportation) to serve the site; the site is near public services and meets the zoning criteria — at least one acre, less than 10 percent slope, no wetlands or streams, etc.; and, they believe, the

proposal will result in preservation of the historic structure.

The council will be charged with deciding whether the application does, indeed, meet those criteria.

If the rezoning is approved, HAYC will have to go through a design review process, with additional public hearings at the planning commission and council levels, before development of the site can begin. If they were to choose to eliminate the house, the property could potentially accommodate up to 93 units.

The design review process is mandated as long as the house remains on the city's historical sites list, but members of the planning commission pointed out it is fairly easy to be removed. The uncertainty of what will happen if the property is rezoned seems to be one of the main concerns of the opponents.

"We are not anti R-3 ... (but) we're seeing a lot of 'proposals' and 'intends' and we want to see some 'shalls,'" Ian McDonough, vice chairman of the board of directors for Spaulding Oaks said at the planning commission hearing. He added, "We would like to see far more specificity ... before we can endorse another R-3 zone right across the street from us."

The meeting will begin at 7 p.m. in the Public Safety Building. It will be preceded by a 6 p.m. work session wherein the council will discuss its vision and mission statements.

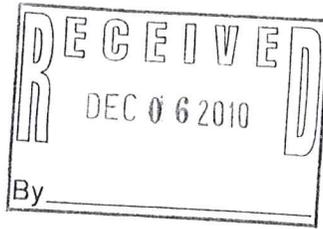
City Council Meeting

Date: December 6, 2010

Re: Order No. 2010-0036

No: Submitted by City Staff

December 3, 2010



Newberg City Council
414 E. First Street
Newberg, Oregon 97132

Fax lot # R3218PA 02/00

Dear City Council:

The residents of Spaulding Oaks would like to thank you for trying to conduct the business of the City of Newberg in a business like fashion. We would also like to thank the Housing Authority of Yamhill County for trying to build more affordable housing in our county.

We believe, however, that the house and property located at 1103 N Meridian Street should not be used for affordable housing. The house and property should be kept intact because of its historic value to the city. If the Housing Authority is allowed to proceed with the plans to build multi-family units on this property, the historic value of the house and land will be lost to the citizens of Newberg.

The Housing Authority of Yamhill County has said that Meridian Street has 10 foot wide lanes but they also admitted that buses are 10 feet wide. They have stated that the buses can just use the parking spaces when they have to meet each other. We do not think that this demonstrates good planning for the parked cars that use the street or for the bicyclists using the street.

For most of us the idea of moving is not an option as it would be a terrific hardship for us to do so. Please do not make a decision that would make the traffic so bad that it would be unsafe for us to enter Meridian Street safely.

Sincerely,

Spaulding Oaks Homeowners Association

Buildable land Zoned R3 or HDR



TAX LOT	SIZE	ADDRESS	ZONE 1	ZONE 2	ZONE 3	ZONE 4	COMP 1	COMP 2	COMP 3	COMP 4	BUILDABLE AREA	OWNER
3220BD 01603	0.36	436 WYNOOSKI									0.03	PERRY CONNIE L &
3220BD 01300	0.30	1506 THIRD E	R-3	R-3			HDR				0.03	JACQUITH BENJAMIN
3220BD 01400	0.29	1500 THIRD E	R-3				HDR				0.04	STEPHENS JEREMY C
3216BB 00200	0.12	3301 CRESTVIEW DR E				SD/V				HDR	0.06	SPRINGBROOK PROPERTIES INC
3220BD 01602	0.36	432 WYNOOSKI		R-3							0.07	BROOKS SANDRA L
3220BD 01600	0.56	430 WYNOOSKI		R-3							0.08	ERWIN MIKE
3216BB 00200	0.17	2102 SPRINGBROOK RD N				SD/V				HDR	0.09	SPRINGBROOK PROPERTIES INC
3216BB 00203	0.19	CRESTVIEW DR E				SD/V				HDR	0.09	SPRINGBROOK PROPERTIES INC
tract "A"	0.10										0.10	
3219AB 17000	0.13	WASHINGTON S	R-3				HDR				0.13	KERN KYLE & SUZANNE
3218DB 00606	0.32	1120 MARGUERITE WAY	R-3				HDR				0.20	SHEPARD DON E SR & MAXINE
3220BD 01202	0.95	1518 THIRD E	R-3				HDR				0.21	WALKER SHARON K TRUST
3216 02017	10.72				R-3/SP					HDR SP	0.22	WERTH FAMILY LLC
3218DB 00611	0.34	1109 MISSION CT	R-3				HDR				0.22	KENT KIM
3217DC 01400	0.34	606 HULET	R-3				HDR				0.23	MOORE ROBERT & LISA
3220BD 00600	0.34	1562 THIRD E	R-3				HDR				0.23	MOSER KEVIN (WROS)
3220BD 00900	0.46	1546 THIRD E	R-3				HDR				0.25	ROMASCO MICHAELA & JANET L
3218DB 00604	0.28	1120 MAIN N	R-3				HDR				0.28	BROOKS-JANSEN LAURA C
3218DB 00605	0.40	1121 MARGUERITE WAY	R-3				HDR				0.29	FLOWERS ROBERT & LAURA J
3218DB 00602	0.50	1020 MAIN N	R-3				HDR				0.38	TURCHETTI RAYMOND M & LAURA C
3219AC 04100	1.27	601 BLAINE S	R-3				HDR				0.53	WELCH FAMILY TRUST
3220BB 06300	1.59	215 CHURCH S	R-3				HDR				0.79	LOCKWOOD LEAH K & PHILLIP D
3216BB 00201	1.63	CRESTVIEW DR E				SD/V				HDR	0.81	SPRINGBROOK PROPERTIES INC
3219AC 04301	1.03	513 BLAINE S	R-3				HDR				0.91	SCHMIDT FONDA R LIVING TRUST 1/2
3209CD 00900	2.86	SPRINGBROOK RD N				SD/V				HDR	1.23	SPRINGBROOK PROPERTIES INC
3216 02022	1.55						HDR				1.55	WERTH FAMILY LLC
3209 02703	4.75	SPRINGBROOK RD N				SD/V				HDR	1.66	SPRINGBROOK PROPERTIES INC
3218CA 01900	1.92	1208 CHEHALEM DR N	VLDRI				HDR				1.80	PEKAREK MILFORD L (WROS)
3218CA 01700	2.14	505 HWY 240 NE	VLDRI				HDR				1.97	FOGARTY LIVING TRUST
3218CA 01800	2.77	1118 CHEHALEM DR N	VLDRI				HDR				2.63	WALKER DAVID D & HAYLI H
3216 02017	10.72	no address								HDR	3.44	WERTH FAMILY LLC
3209 02700	17.97	3812 N. SPRINGBROOK RD				SD/V				HDR	3.83	SPRINGBROOK PROPERTIES INC
3216BB 00100	7.98	2212 SPRINGBROOK RD N				SD/V				HDR	3.99	SPRINGBROOK PROPERTIES INC
3216BB 00300	8.82	1908 SPRINGBROOK RD N				SD/V				HDR	4.41	SPRINGBROOK PROPERTIES INC
3221 00900	6.99	108 SPRINGBROOK RD S	VLDRI				HDR				5.37	WALKER J C
3221 03900	7.11	3312 FERNWOOD RD E	VLDRI				HDR				7.00	RADER NEIL G & GLENICE L
											45.11	

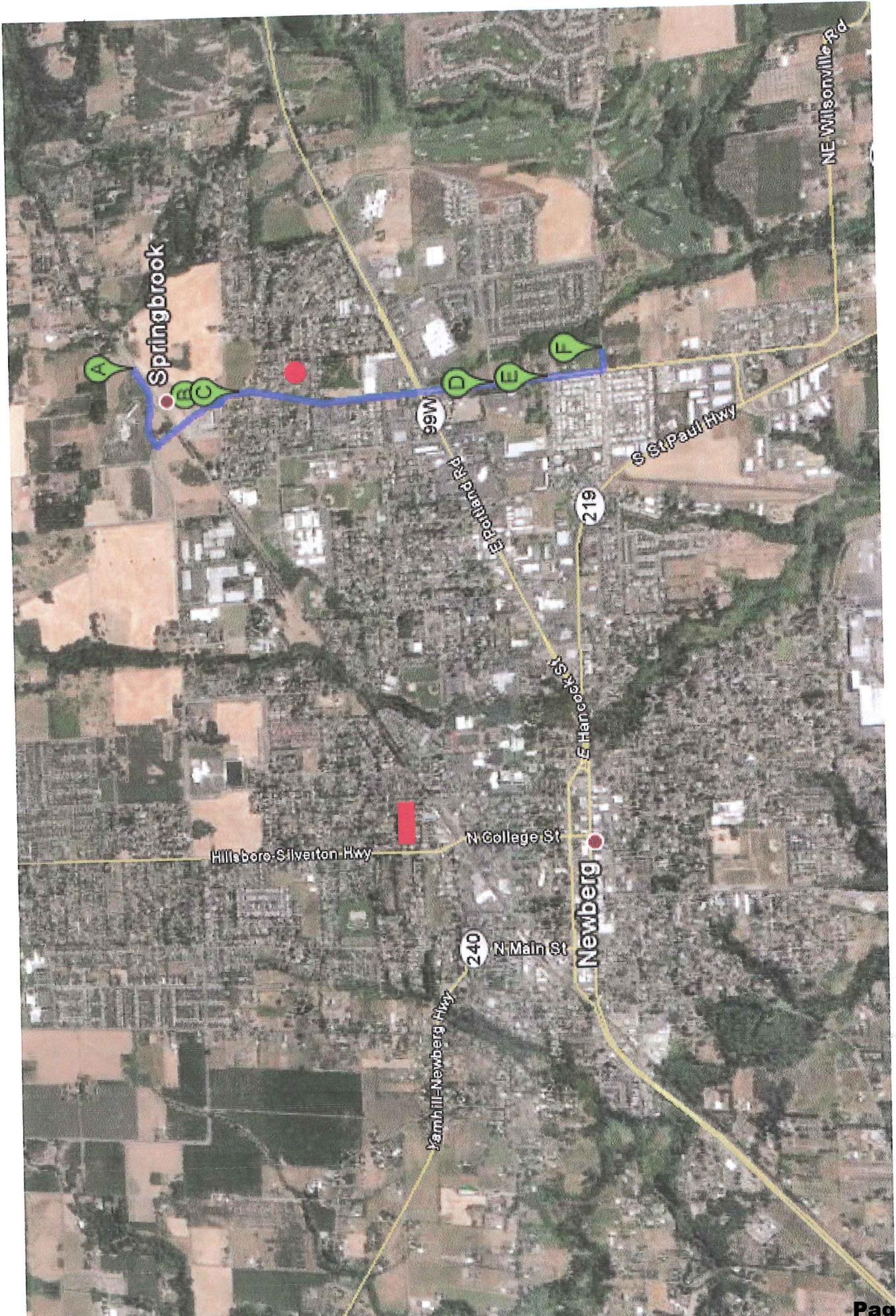
no storm sewer

NO TRANSIT

NOT TRANSIT

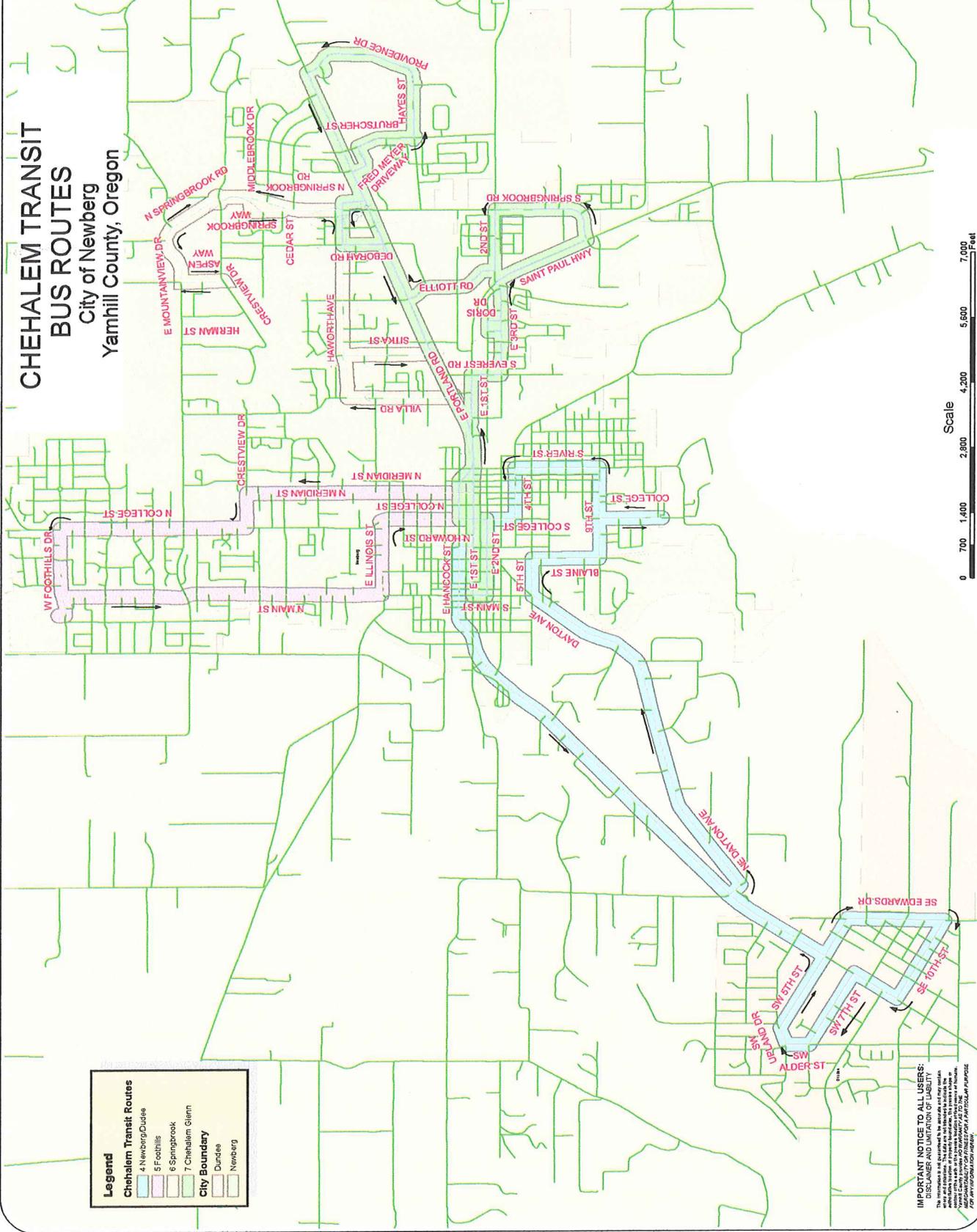
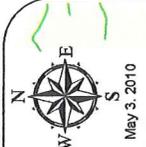
*Submitted by: HAYC
12/16/10*

*City Council Meeting
Date: December 6, 2010
Re: Order No. 2010-0050
No: Submitted by Camellia Walker*



CHEHALEM TRANSIT BUS ROUTES

City of Newberg
Yamhill County, Oregon



Legend	
	Chehalis Transit Routes
	4 Newberg/Duane
	5 Foothills
	6 Springbrook
	7 Chehalis/Glen
	City Boundary
	Dundee
	Newberg

IMPORTANT NOTICE TO ALL USERS:
DISCLAIMER AND LIMITATION OF LIABILITY
The information is guaranteed to be accurate and may contain errors. Users are advised to verify the information before use. The information is provided as a service to the community and is not intended to be used for any other purpose. For more information, contact the City of Newberg at 503.538.4400.



Prepared by
Yamhill County GIS Inc.
A/ChehalisTransit.com and the City of Newberg



Beatrice Newman, Principal Broker
E-Mail: BeatriceNewman@Yahoo.com
201 N. Meridian Street • Newberg, OR 97132
T: 503.330-3111 • F: 503.537.1167

- Traffic
 - The traffic study says the additional cars wouldn't affect the street much, but it's not taking into account a few things.
 - The railroad tracks are a rough crossing, and there's always a bottleneck of traffic there. Even cars going over the speed limit usually slow to a max of 20 as they go over the tracks. Add in many more cars, and that slight bottleneck is going to become a serious issue.
 - The street already has a tight feel through that area, and when there are cars parked on both sides of the street drivers will probably go very slowly through the whole area, raising more traffic issues.
 - The railroad tracks present another problem: the train. At this spot, the train doesn't just pass by – it stops, reverses, stops, reverses, etc. and holds traffic up for usually 5-10 minutes. It's usually in the mid-afternoon, when it doesn't have much impact, or at the beginning of the morning, when it impacts a lot of traffic. Most drivers, when they see the train there, turn around and go to Villa or College, because that will be faster than waiting, but many more cars trying to turn around and go different ways whenever there's a train would wreak havoc on the street, and potentially cause accidents.

- Affordable housing-
 - I am in favor of “affordable housing” in general, but concerned about the larger conglomeration of units. My experience in various cities, large and small, in the US, and around the world, has been that for the most part, there is a negative impact when low income, or affordable housing complexes are extensive, and not just a few units in each location, integrated throughout the community.
 - Better when scattered throughout town and integrate than to have one huge clump of it. Although it is more expensive to build scattered units than to build them all in one place, in the long run, it avoids expenses to cities, that might occur as a result of the crowding.
 - The information in the council packet says studies show that affordable housing has little or no impact on property values.
 - Impact of large complexes of affordable housing on buyers' perception and thus on property values.

- I understand that there has been a study showing that affordable housing doesn't impact property values. As a Real Estate Broker, my experience, when showing single residential properties to potential buyers, has been that affordable or low income property, especially the larger complexes, does affect the perception of the buyer as to the value of the residences in the proximity of those complexes. If those buyers are less likely to purchase properties in the vicinity of such complexes, I believe this does affect property values. This might not have a bearing on whether or not these particular complexes should be built, but if this issue is a consideration, then those perceptions need to be acknowledged.
- Buyers' perceptions seem not to be as negatively affected when units are few and scattered.

Conclusion and Intrinsic value of this specific property-

Having lived in this community and area for seven years, my family and I have enjoyed and appreciated this particular property. It is an oasis of charm, peace and grace from another area. Many in our community daydreamt that we could one day win the lottery and purchase it and preserve it. Well, none of us have won the lottery and many of us cannot even afford to buy the lottery ticket, these days. It would be one thing to see it turned into a low impact situation, with historically compatible and scattered units that would permit a view of lawns and the lovely old house, and preserve its genteel and reassuring look. But this is a different situation altogether, and many of us feel pre-empted in our hopes for this property, worthy as the goals of Housing Authority of Yamhill County may be. We want that affordable housing and to know that people are cared for, but we hesitate to lose something of emotional and historic value. And we believe that Housing Authority of Yamhill County has other avenues to achieve this goal

Last year, when many homes owned by Housing Authority of Yamhill County were sold, I was told that Housing Authority of Yamhill County did not want to be in the business of owning houses. I thought they meant that they didn't want to be landlords, but I guess they only meant they didn't want to own single residences, but were not opposed to owning apartment buildings. I actually never even knew which residences were affordable homes, or low income housing, until those homes were sold. Those homes were attractive and well built, and fetched good money when they sold, even in a downturn market. Most people didn't know they were affordable housing. There was not impact to property values and people of reduced means lived in nice homes as a result. I question why Housing Authority of Yamhill County is considering going to the other extreme in providing this much needed housing. Why not create some scattered duplexes throughout the community, for instance? I think that the problems this would avert would save money to the City of Newberg and to Housing Authority of Yamhill County in the long run. I believe that a smaller footprint type of housing can be developed, in less controversial locations, to achieve the same means in a way more harmonious to both neighbors and tenants.

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: December 20, 2010

Order ___ Ordinance ___ Resolution ___ Motion ___ Information XX
No. No. No.

SUBJECT: Update the Chehalem Valley Visitor Center Contract

Contact Person (Preparer) for this Motion: **Dan Danicic, City Manager**

Dept.: Administration

EXECUTIVE SUMMARY:

On September 7, 2010, the Chehalem Valley Visitor Center came before the Council requesting additional funding. They requested a funding methodology based on a percentage of the Transient Lodging Tax (TLT) as defined in the Newberg Municipal Code §36.15-§36.30. The City Council passed the following motion:

To establish a funding methodology for the Chehalem Valley Chamber of Commerce Visitor Information Center by decoupling the business license and the Transient Room Tax (TRT) funding to pay fully out of TRT revenue, increase funding to 25% from TRT, and draft a 5 year contract. (5 Yes/2 No [Howard, Shelton]) Motion carried.

On October 4, 2010, the City Council made a motion to reconsider the September 7, 2010, motion and made the following motion:

To table the reconsideration of the Visitor Center Funding decision until the City Manager and the City Attorney can meet with the Chamber of Commerce and report back with a draft contract and scope of work. (6 Yes/1 No [Howard]) Motion carried.

Since that meeting, staff has worked with the Executive Director of the Chamber of Commerce Sheryl Kelsh to draft a contract to take effect in 2011 allowing for the increase in funding and appropriation from the TRT, which is attached.

Staff is proving the draft contract to the Council for review and guidance on how to proceed.

FISCAL IMPACT:

No change:

Currently the City is providing \$2,500.00 of funding the Visitor Center. \$1,500.00 comes from the General Government (01.1110) and \$1,000.00 comes from the business licenses (14.4120).

Increase Funding in Accordance to the 9/7/2010 Motion:

The City would be proving \$5,125.00 of funding to the Visitor Center. For the remainder of the 2010/2011 Fiscal Budget \$4,125.00 would come from General Fund (01.1110) and \$1,000.00 from the business licenses (14.4120). In the 2011/2012 Fiscal Budget the total \$5,125.00 would come out of the General Fund.

STRATEGIC ASSESSMENT:

Supporting a visitor center will encourage tourism to our area and enhancing the economic vitality of

Newberg.

AGREEMENT
between
CITY OF NEWBERG
and
CHEHALEM VALLEY CHAMBER OF COMMERCE

This Agreement is entered into this _____ day of _____ 2010, between the Chehalem Valley Chamber of Commerce, hereinafter referred to as “Chamber”, and the City of Newberg a municipal corporation, hereinafter referred to as “City”. This agreement supersedes all prior agreements between the City and Chamber

INTENT

The intent of the parties is to form a partnership in order to provide visitor information services. These services will be provided through a Visitor Information Services Center, referred to as “Center”, for a period of five (5) years beginning July 1, 2010, and ending June 30, 2015. Such services shall be partially funded through funds from the City.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

I. TERM OF AGREEMENT

The initial term of this Agreement shall be for the period beginning July 1, 2010, and ending June 30, 2015, and shall automatically renew each year for the fiscal year periods thereafter upon approval of the annual business plan by the City. The automatic renewal shall end on June 30, 2015.

II. SERVICES TO BE PROVIDED

The scope of services that the Chamber shall provide is as follows:

- a. Management and Administration.
Management and administration of the Center located in the City of Newberg. Chamber shall provide all necessary staff, materials, and services to adequately represent the City in meeting with visitors, dispensing information regarding the area, developing necessary informational programs and coordinating with associated agencies and entities.
- b. Visitor Promotion Activities.
Chamber shall provide all functions, literature, advertising, staff, supplies, equipment and support associated with an educational awareness program designed to promote the City of Newberg area as a destination for tours and visitors. Membership with the Chamber will not be a prerequisite for representation within the Center or its activities. Chamber shall coordinate its activities, as appropriate, with affiliated organizations such as the Oregon Travel Council and other visitor promotional entities.

III. BUDGETING

In consideration of the services provided in this agreement, the City agrees to provide public sector funds to Chamber for the operation, management and performance of services outlined in this agreement, and provided that the Business Plan is approved each year.

The City will make quarterly payments to the Chamber equal to 25% of the actual collected Transient Lodging Tax (TLT) revenue. The payment will be made within 30 days of the hotels quarterly reporting/payment deadline. Payment for the first half of fiscal year 2009/2010 shall be equal to 25% of the actual collected TLT less any payments already made to Chamber.

IV. REPORTING

a. Annual Business Plan

On May 1 of each year, Chamber shall submit a Business Plan containing a detailed budget and identification of activities and a statement of performance goals for all activities contemplated pursuant to this agreement, which plan must be approved by the City Council. The Business Plan for the first year of this agreement is attached as Exhibit "A".

Chamber shall notify City in writing of any significant change made to the Business Plan.

b. Quarterly Reports.

Chamber shall report to the City on a quarterly basis. Such reports shall be furnished to the Newberg City Council no later than the first regular meeting of the City Council during the second month following the end of the calendar quarter. Each report shall be for the previous quarter. The reports shall be furnished to the City in writing in time to meet the regularly scheduled City Council agenda deadline. Such deadline is 10:00am two Fridays prior to the City Council meeting. Such deadline time may be changed by the City. Notification of deadline change shall be submitted to Chamber.

The report shall include the following information:

1. Financial reports, including Statement of Revenues & Expenditures which are specifically applicable to the Chamber's operation of the Center.
2. Activity report detailing progress on goals, objectives and tasks identified in the Business Plan.

V. RECORDS AND ACCOUNTING

Chamber shall maintain records and accounts that will allow the City to assure a proper accounting for all funds paid for the performance of this agreement. Within 72 hours of a written request by the City, Chamber shall make such records available for review by the City and other authorized entities requiring such records.

VI. HOLD HARMLESS

Chamber shall indemnify and hold harmless the City against any claims, damages or suits resulting from the operation of the Center. The Chamber shall furnish to the City a Certificate of Insurance showing that adequate insurance coverage has been provided and that the City has been named as an additional insured on the Chamber insurance policy. Such certificate shall be furnished to the City upon execution of the Agreement and additional proof of continued insurance coverage shall be furnished upon request by the City.

VII. TERMINATION OF AGREEMENT

This Agreement can be terminated by either party at will, without cause by giving notice of termination prior to January 1 for termination as of June 30 during the term of the agreement. Nothing in this notice of termination shall prohibit the parties from mutually agreeing to terminate the agreement at any time. Such notice shall be mailed to the address indicated below for each party:

City Manager
City of Newberg
PO Box 970
Newberg, OR 97132

Executive Director
Chehalem Valley Chamber of Commerce
415 E. Sheridan St.
Newberg, OR 97132

If the Chamber fails to furnish quarterly or annual reports in a timely fashion as indicated under paragraph four (4) herein, the City may terminate the agreement subject to the notice provisions indicated above and Chamber may be subject to reimbursing the City for all payments made during the quarter for which the report has not been timely submitted; provided that Chamber has not within thirty (30) days, after written notice, provided a quarterly report.

The City shall have no liability for any payments after termination of the Agreement. Chamber has no rights to rely upon this Agreement in making any obligations to any person about future funding of any position with the Center.

VIII. BUDGET LAWS OF THE STATE OF OREGON

The City of Newberg is a municipal corporation and is obligated under the budget laws of the State of Oregon known as the Local Budget Law. Any provision of the Agreement which is not in conformance with the Local Budget Law is null and void. Further, the City cannot expend monies beyond the revenues received. The City authorizes expenditures in accordance with the City's Transient Lodging Tax Ordinance and its budget and revenue projections. If the City does not receive revenues in accordance with its projections, expenditures must be decreased.

IN EVIDENCE THE UNDERSIGNED HAVE EXECUTE THIS AGREEMENT:

CITY OF NEWBERG
414 E. First Street
Newberg, OR 97132

CHEHALEM VALLEY CHAMBER OF COMMERCE
415 E. Sheridan Street
Newberg, OR 97132

BY:

BY:

Daniel J. Danicic, City Manager

Sheryl Kelsh, Executive Director

APPROVED AS TO FORM AND CONTENT:

Terrence D. Mahr, City Attorney

Exhibit “A”

Visitor Information Center Contract for Services

The Chehalem Valley Chamber of Commerce will contract with the City to manage the Newberg Area Visitor Information Center, currently located at 415 E. Sheridan Street, Newberg. It is the mission of the Newberg Visitors Information Center to grow the economic impact of tourism through enriching local experiences.

The Chehalem Valley Chamber of Commerce will carry out that mission by providing the following services:

1. Maintain regular open hours:
Minimum: 9am – 5pm, Monday through Friday
Summer: Memorial Day to September 30th, weekends four hours minimum
Total Hours: Minimum 2,000 hours, open to public
2. Plans and procedures to respond to visitor and resident inquiries via telephone, and internet in a timely manner.
3. Trained staff with destination and customer service expertise. All new employees to acquire Q-Service certification within 90 days of employment.
4. Copies of the appropriate and current local visitor information including maps, community profile, demographics, brochures or information about events, activities tourist destinations and points of interest. (Currently stocking over 600 different maps and brochures)
5. Maintain availability of current statewide travel materials provided by Travel Oregon and the Oregon Department of Transportation.
6. Access to basic visitor information after hours through an outdoor brochure rack.
7. Provide information and directions to local and area businesses and organizations including access to the computer and printed mapquest directional guides.
8. Assemble and provide Newberg Destination information as part of relocation requests, visitor requests and/or New Employee information.
9. Participate and seek destination marketing “best practices” through membership with Travel Yamhill County and the Oregon Destination Marketing Association.
10. Compile, organize and distribute an annual community information guide and Newberg area street map.
11. Maintain an online calendar of community events.
12. Maintain a website with visitor information.
13. Supply large employers such as George Fox University, A-dec, Climax and others materials for their new employee packets.
14. Automobile parking within walking distance.

15. Drinking fountain or access to water during open hours.
16. Restrooms within walking distance, accessible to all members of the traveling public during open hours.
- 17 ADA Accessibility.
18. A landline telephone for staff or guest emergency use.
19. Report to City of Newberg:
 - a. Quarterly Financial Reports
 - b. Activity Report
 - c. Information relevant to local tourism

2010 - 2011 Visitor Center Budget

Chehalem Valley Chamber of Commerce

Income

		10-11		
		BUDGET TOTALS		09-10 BUDGET
City of Newberg*		\$56,000		\$30,000
Chehalem Valley Chamber of Commerce Contribution		\$40,725		\$57,971
*Estimate provided by City of Newberg for period				

	TOTAL	\$96,725		\$85,971
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Expenses

Personnel - 1.5 FTE		\$44,975		\$44,975
Executive Director				
Director of Marketing & Programs				
Visitors Center Coordinator				
Visitors Center - Seasonal Help				
Bookkeeper (P/T)				
Benefits - Health Insurance & Retirement				
Taxes				
Marketing Expense		\$14,000		\$9,246
Newberg Graphic Tourism				
Travel Yamhill Valley - Co-op Ad Opportunities				
Willamette Valley Visitors Association - Co-op Ad Opportunities				
Governors Conference on Tourism - Oregon Destination Marketing Conference				
Visitors Center Brochure - Reprints & Tourism Inserts				
Website				
Travel Yamhill Valley - Membership				
Travel Oregon Co-op Advertising Opportunities				
Overhead		\$37,750		\$31,750
Calculated on 1/3 of overhead in Chamber Budget applicable to tourism				
Includes: Dues/Subscriptions, Admin. Insurance, Internet/Web,				
Miscellaneous, Supplies, Postage, Leases, Rent, Capital				
Improvements, Repair/Maintenance, Telephone, Utilities				
Yamhill Valley Visitors Association dues, Professional Fees				
Portland Oregon Visitors Association dues				
Rent* New starting 1/1/2011				

	TOTAL	\$96,725		\$85,971
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